



Australian Government

AusAID

## **ASEAN Australia Development Cooperation Program Phase II**

**AidWorks Initiative Number INH857**

### **INDEPENDENT PROGRESS REPORT**

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## Aid activity summary

Aid activity name			
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Total other \$			
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The findings and suggestions presented in this report do not necessarily reflect the views of the Australian Government or of ASEAN.

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## Executive summary

The ASEAN Australia Development Cooperation Program Phase II (AADCP II) design was based upon assumptions about the context for the program that have proved to be incorrect. In addition, changes within the ASEAN Secretariat (ASEC) and the broader structures of ASEAN since the design was finalised have had important implications for the program.

Some of the key assumptions proving to be inaccurate related to the:

- capacity of ASEC systems to deal with ongoing management of the program
- resourcing of ASEC to address its expanded mandate
- ease with which ASEAN, ASEC and AusAID could deliver a complex program through a partnership approach.

Further, the design did not adequately recognise the inherent difficulties for a regional program to support initiatives that depend largely on implementation by national agencies.

The program has also had to deal with key changes in governance arrangements in the wake of implementation of the ASEAN Charter, specifically the fact that Permanent Representatives of ASEAN Member States now sit on the JPRC.

## Achievements

Despite a protracted start-up and a challenging context, the program has proved adaptable and true to the ideals of partnership. Its notable achievements include:

- recruiting a strong Program Planning and Management Support Unit (PPMSU)
- developing a relevant and focused portfolio of projects with some significant deliverables
- introducing the workstream approach
- implementing a realistic and responsive approach to enhancing ASEC's institutional capacity through funding 'embedded program staff' in ASEAN priority areas and in the program
- introducing innovations in management processes and procedures
- making considerable progress in developing a robust yet feasible monitoring and evaluation system up to the output level, linked to a sensible framework for selecting projects and work streams.

Most significantly, the program has forged a viable partnership, with strong elements of trust and willingness to innovate and adapt in the face of difficulties.

## Constraints/limitations

Despite these and other achievements, some critical factors remain that constrain the transition to a more effective, efficient and sustainable program. These include the following.

**Institutional strengthening.** The program has made rather limited progress in strengthening ASEC's institutional capacity. In the absence of clear signals about the future role of the Secretariat and an agreement to resource an expanded capability, there is currently little space for more structured and intensive approaches to institutional development and enhancing the capacity of ASEC staff. Without a clear human resource development strategy and actions to remedy underlying causes of staff turnover and work overload, progress is limited to transferring skills by working with staff who are receptive to engaging with the program.

The program's responsive approach to filling key capacity gaps is to temporarily fund positions in the Secretariat. Partly because this element of the program is included in the management support component of the program, it is not clear if this response is treated as an integral element of the workstreams of the other components and assessed accordingly.

**Partnership.** Developing the partnership concept for the program is a 'work-in-progress'. The work is constrained by a variety of factors such as the variation in approaches adopted by different ASEAN sectoral bodies and working groups and the mismatch in resourcing for ASEC and its mounting

responsibilities. The program is widely appreciated throughout ASEC for its commitment to partnership. Despite this, it is not clear that there is a fully shared understanding of what partnership entails and what model of partnership is most appropriate, given the institutional characteristics of ASEAN, ASEC and AusAID. What has developed is, in effect, a facility that responds to one partner's agenda. It is not a dialogue partnership, and it is not obvious that any of the parties is using the program to support their higher-level dialogue or to let that dialogue inform the directions the program takes. Although the 'partnership' is still vulnerable to the winds of change and personnel movements, it is the most notable achievement of the program.

**Incomplete adoption of strategic and programmatic approaches.** The program has made considerable progress in shifting to a programmatic approach as the consumer protection and tourism work streams show. Results are more likely to be achieved by taking further steps to ensure the strategic use of resources and increasing the probability of achieving results:

- the program still has many relatively small value projects; these tax management resources but they probably have only a limited likelihood of achieving real results
- the PMT engages with sectoral bodies and working groups through ASEC officers. With variable success, the team helps develop strategic work plans that can be translated into better integrated and larger programs of support
- for now, work streams do not seem to incorporate or resource specific activities to assess achievements and act on lessons
- there does not yet seem to be systematic consideration of whether program management needs to be supplemented through consultants or embedded program staff.

**Governance.** The governance arrangements for the program are also a 'work-in-progress' as the JPRC works towards clarifying the boundaries between program governance and program management, and determining how to best support the efficient allocation of these functions between the JPRC and the PMT. At the moment it seems that the JPRC:

- is not able to devote enough attention to its strategic oversight function because of the time required for project-level management and approval matters
- is not being adequately supported in this function by current communication from the PMT.

The recent decision to reduce the number of JPRC meetings from two to one a year *may* help in this regard, but this initiative needs to be accompanied by more proactive attempts to enable a greater focus on strategic level analysis, oversight and decision making.

**Monitoring, evaluation and learning.** Despite the strength of the output-level monitoring, the program has yet to make operational any outcome-level monitoring and evaluation (M&E) (including learning and review) systems.

**Sustainability.** The transformation of ASEAN to a rules-based organisation is expected to enhance the sustainability of reforms supported by the program. However, some of the program's solutions that address challenges of ASEC systems and procedures, as well as the transfer of skills it is facilitating, may not be sustainable. (This said, there are positive indications about ASEC's approach to institutionalising embedded staff positions funded by the program.)

**Expenditure.** The program has been running for over half of its planned duration, but just over a quarter of the allocated funding has been spent or committed. While the rate of expenditure has accelerated, it is most unlikely that the program could disburse its entire allocated funding by 2015.

## Overall assessment

Overall, the program has proved very resilient and adaptive in the face of daunting challenges and is now emerging from a protracted period of developing viable ways of delivery in a difficult and fluid environment.

Despite all the challenges, the program has the capacity to deliver credible activities to meet the shared objective of cooperation between ASEAN and Australia. The key to making the best of the platform created by the program and its predecessors lies in:

- focusing on quality at entry issues: working on priority areas, as best as these can be ascertained, and ensuring that activity designs propose high-quality technical activities with arrangements to review and validate the quality of technical work
- continuing working towards a more program-based approach to optimise the efficiency of resource use and increase the likelihood of having an impact at the policy and implementation approach level where the program actually operates
- harnessing more of Australia's practical expertise in dealing with the challenges of integration and policy reform so that the approach to decision making for the program is more strategic, and perhaps to assist with delivery of some program activities.

## **Recommendations**

- 1. Deepen the program-based approach for work streams meeting desirable criteria to:**
  - a. prepare four- to five-year designs—including needs assessments, stocktaking past engagements and other donor programs, review and learning exercises—midway through implementation and near the end**
  - b. provide supplementary capacity to ASEC to manage the stream, through funding an embedded program staff position if necessary.**
- 2. Enhance M&E and learning by**
  - a. adopting the detailed suggestions in Annex 5**
  - b. increasing support to the ASEAN Integration Monitoring Office**
  - c. commissioning in-depth evaluations of AusAID/Australian engagement with key sectors, workstreams or focus areas that span across both phases of AADCP (and even including support under ASEAN – Australia Economic Cooperation Program (AAECP) phases where appropriate. (Agriculture and tourism could be good areas to start on.)**
- 3. Adopt, as possible, a more strategic approach to developing ASEC's institutional capacity by:**
  - a. preparing to support, perhaps in cooperation with other partner programs, implementation of the recommendations of the Corporate Development Scoping Study and the Project Management Framework Studies, ideally with a program-based approach as proposed in recommendation 2, but more flexibly and opportunistically if circumstances require**
  - b. taking a more strategic/program- centred approach to capacity supplementation, including reporting on expected and actual results of funding embedded program staff, and, as suggested in recommendation 2, including supplementation as part of more comprehensive approach to activities. (To assist with this more strategic focus consider shifting these items from component 3 to component 1 of the program.)**
- 4. Reinforce the strategic oversight function of the JPRC by:**
  - a. changing reporting to the Committee to better focus on strategic issues, including revising the format of the Rolling Prioritisation Plan (RPP) document, and preparing issues/options papers**
  - b. adopting a risk management approach to activity approvals that delegates approval for all activities with a value less than at least \$300 000 to the PMT, provided agreed criteria are met and subject to occasional ex-post compliance evaluation.**

5. **Support JPRC and the ASEAN – Australia Joint Cooperation Committee (AAJCC) to undertake a stronger donor coordination role, including supporting ASEC to improve mapping of donor programs at regional, subregional and national levels.**
6. **Given that the program, assuming adoption of the other recommended enhancements now has potential to deliver credible achievements to further its objectives, extend its duration to no later than December 2019 (without additional funding), and:**
  - a. **conduct an independent review in late 2015/early 2016 to consider ASEAN’s assessment of implementation of ASEAN Economic Community (AEC), and evaluate program performance and expenditure patterns**
  - b. **conduct a review at least one year before closure to identify lessons that can inform design of a future phase of engagement with ASEAN.**

### Evaluation criteria ratings

Evaluation criteria	Rating (1–6)	Explanation
Relevance	5	<p>There is clear and strong alignment with Australian and ASEAN statements of strategy. However, the program design misread the depth of support for an enhanced role for ASEC as well as ASEAN member states’ preparedness to accelerate implementation of the AEC to meet 2015 deadline. Further it is not clear that the program’s approach leads to identifying the most critical issues to work on; the partnership is more facilitative than dialogue focused.</p> <p>This problem is exacerbated by the variable nature of the strategic forward plans prepared by ASEAN bodies, which makes it hard to be sure that the highest priority interventions are being identified.</p> <p>However, assessments of capacity building needs and scoping studies are important initiatives to enable identification of the most relevant activities.</p>
Effectiveness	4	<p>With a more appropriate definition of objectives that recognises the important aim of the partnership with ASEAN and ASEC, and given the shift to a more programmatic approach with the adoption of the workstream system, the program is in a position to start delivering some useful contributions to implementation of AEC.</p> <p>The variable nature of ASEAN bodies’ strategic forward plans remains a challenge. The lack of clarity regarding the future role and resourcing of ASEC means that contributions to the Secretariat’s institutional capacity are largely incidental to getting the program to work. However, two key studies funded by the program could lead to substantial work on this issue if recommendations are pursued.</p>
Efficiency	4	<p>Expenditure levels are low compared to the original expectations which were unrealistic. Although solutions are continually found to impediments to procedural efficiency, significant challenges remain given the nature of ASEC systems. ASEC has traditionally focused on small value, low-impact activities, but the new workstream approach is helping shift thinking and there are examples of larger activities being approved.</p>
Sustainability	3	<p>The program has control over some, but not all of the factors bearing on sustainability. The current lack of action to address the challenges facing ASEC is a cause for concern for elements of the program. Similarly, the fact that implementation of the AEC by 2015 is a function of national level prioritisation and action by member states raises the possibility of reversal or dilution of reforms called for by the AEC Blueprint.</p>

<b>Evaluation criteria</b>	<b>Rating (1–6)</b>	<b>Explanation</b>
Gender Equality	3	AusAID and ASEAN have clearly not reached a meeting of the minds on the priority to be allocated to the pursuit of gender equality in the program. In any case, given the economic policy orientation of much of the program, the program does not have strong instruments to bear on improving gender equality within ASEAN Member States (AMS).
Monitoring & Evaluation	4	AADCP II has developed detailed and effective M&E systems addressing the output level. There is a need to extend these systems to capture outcome-level results and improve review and learning functions, recognising capacity constraints and lack of ASEC appetite for this kind of program information. (This said, the program's work on supporting high-level monitoring of the AEC is filling an expressed need and can be built on.) An approach to evaluation that examines Australia's longer-term engagement with ASEAN's integration agenda over both phases of AADCP (or longer) is needed to assess the contribution of AusAID's support.
Analysis & Learning	4	AADCP II's performance over the last four years has been a model of learning and adaptation, at least with respect to program management and delivery. It has also commissioned some valuable learning studies related to the AEC and ASEC institutional agendas.  But the program design failed to take account of what could be learned from past experience of working with ASEC, and AusAID seems to have rushed to put in place a partnership approach without testing if the circumstances were conducive, or asking what kind of partnership would be most appropriate.

#### **Rating scale**

<b>Satisfactory</b>		<b>Less than satisfactory</b>	
6	Very high quality	3	Less than adequate quality
5	Good quality	2	Poor quality
4	Adequate quality	1	Very poor quality



# 1. Introduction

## Activity background

The ASEAN Australia Development Cooperation Program Phase Two (AADCP II) became fully operational in July 2009. AADCP II is contributing to ASEAN's regional economic integration goals and to achieving an AEC by 2015. The program is being delivered through a partnership between AusAID and the ASEAN Secretariat (ASEC), and builds on achievements under its predecessor, AADCP I, which ran from 2002 to 2008. AADCP I in turn built on and extended cooperation under three phases of the ASEAN – Australia Economic Cooperation Program that began in 1974.

The objectives of the program (as stated in the terms of reference for this review, reproduced in Annex 1<sup>1</sup>) are to:

1. strengthen ASEC's institutional capacity to facilitate and support ASEAN integration and community building efforts
2. support the movement towards the AEC by providing timely and high-quality economic research and policy advice
3. provide support for regional mechanisms and resources to implement, at the national level, selected activities in the AEC Blueprint.

The program has four components, with indicative funding estimates, as shown below.

1. Component 1: Strengthening the ASEAN Secretariat's Institutional Capacity (\$8 million)
2. Component 2a: Economic Research and Policy (\$10 million)
3. Component 2b: ASEAN Economic Community Implementation (\$22 million)
4. Component 3: AADCP II Technical Specialists and Management Support (\$17 million)

The program accords with AusAID's *Aid Strategy for East Asia Regional Organisations and Programs, 2011–2015*, and its partnership approach is consistent with AusAID's commitment to the aid effectiveness principles outlined in the Paris Declaration and later accords. ASEAN's commitment to implementing the ASEAN Economic Community was articulated in the Blueprint adopted at the Leaders Meeting in 2007. The ASEAN Charter, adopted at the same meeting, confirmed the rules-based nature of ASEAN's agreements.

The start to the program experienced long delays while appropriate financial management and activity development processes were put in place, and design issues were addressed during transition from AADCP I. Internal assessments of the original design concluded that important problems were clarity and feasibility, and insufficient 'due diligence' undertaken to assess the readiness of ASEAN processes for implementation of a program committed to using the organisation's systems. With the benefit of hindsight, it is also clear that the design misinterpreted the intentions of ASEAN member states with respect to enhancing the role and capacity of the Secretariat, and their appetite for accelerating policy reforms and institutional development to achieve the 2015 goal for the AEC.

The operating environment for the program has been affected by a period of disruption and overload in the ASEAN Secretariat. The Secretariat has faced exceptionally high rates of staff turnover during the program's operation and resourcing appears to be inadequate:

- it is reported that more than 50 per cent of the staff have less than two years' experience, and that more than half of the staff who left ASEC in 2011 came from the department responsible for supporting implementation of the AEC
- ASEC's operational budget, provided by equal ASEAN member states contributions, has been increased (from around \$7.3 million prior to adoption of the ASEAN Charter in 2008 to \$15.5 million in the current financial year). However, the meetings workload has nearly doubled

<sup>1</sup> It appears that considerable effort has been devoted to pinning down a set of objectives to facilitate M&E of the program: as a consequence a number of different statements of objectives appear in program reports and documents.

since then (from around 600 in 2006 to about 1100 in 2012) and salaries are reported to be seriously uncompetitive.<sup>2</sup>

The program has also had to adapt to changes in governance arrangements occasioned by the creation of the Committee of Permanent Representatives (CPR) under the Charter, and the assumption by the CPR of a role in the Joint Planning and Review Committee. In addition, the establishment of the ASEAN – Australia – New Zealand Free Trade Agreement Economic Cooperation Support Program (AANZFTA ECSP) has introduced a potential source of both competition and complementation for AADCP II, given that there is overlap between the sectoral and topical coverage of the two programs.

According to the midyear review of the RPP for 2011–12, 31 per cent of total program funds had been committed (Table 1). Eleven activities under components 1, 2a and 2b had been completed, and 28 were in progress or expected to be approved out of session. Annex 1 lists the program activities completed to date.

**Table 1. Program expenditure commitments as at March 2012**

Component	Committed to 2015	Remaining	Total allocation	Per cent committed
	US\$	US\$	US\$	
ASEC Institutional Capacity Development	2 156 148	5 686 989	7 843 137	27%
Economic Policy Research & Policy Advice	4 052 655	5 751 266	9 803 921	41%
AEC Implementation Support	6 649 574	14 919 053	21 568 627	31%
Program Planning, Management & Support	4 641 072	12 025 594	16 666 666	28%
Total	17 499 449	38 382 902	55 882 351	31%

Source: AADCP II PMT 2012

## Evaluation objectives and questions

The objectives of the *Independent Progress Report (IPR)* as laid out in the terms of reference (Annex 2) are to:

1. assess the performance of AADCP II against the Development Assistance Committee evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability and the AusAID criteria of monitoring and evaluation and gender equality. In assessing overall effectiveness in relation to its stated goals and objectives, the IPR will take into account changes that have been implemented since the original design to make the Program more practical and workable, (as documented in the second Annual Review)
2. assess AADCP II's success in addressing other key performance concerns, including adequately promoting gender equality, establishing and operationalising a robust M&E system, and undertaking ongoing analysis of the operation of the program, drawing out major lessons learned and taking remedial action to ensure continuous improvement
3. define the main issues affecting AADCP II's performance and propose solutions, for example assessing the effectiveness of the partnership delivery mechanism; and ASEC processes and

<sup>2</sup> A recent draft study by the ADB Institute has argued that 'in the absence of structural reforms that drastically bolster the Secretariat's position' it is extremely difficult for ASEAN countries to conduct effective regional cooperation and integration (ADB I 2012). The study argues for a significant increase in ASEC's budget and a revisiting of basic governance principles, in particular those related to decision making and member contributions.

- capacity limitations. Particular attention should be paid to identifying lessons learned and practices to draw on for designing future programs of ASEAN – Australia development cooperation
4. assess future budgetary requirements and options for the use of funds for the remainder of the program, including an extension of time
  5. review the accountability and governance arrangements for the program, including the frequency and membership of the Joint Planning and Review Committee meetings
  6. address any other issues that the IPR team considers necessary for the successful completion of the IPR
  7. make recommendations for the future directions of AADCP II in relation to available budget and resources to promote improvements in effectiveness and efficiency.

### **Evaluation scope and methods**

The IPR assessment is based on a review of available program documents and selected program outputs and consultations with key stakeholders and informants. The IPR approach paper is presented in Annex 3, along with the methodology for consulting with stakeholders. A list of persons consulted is presented in Annex 4.

Because program outputs have only recently begun to flow (and because of the inherent challenges in measuring outcomes and impacts with programs such as AADCP II), it was not considered feasible to try to assess consequences of Components 2a and 2b, or to evaluate contributions to building the institutional capacity of ASEC. Rather, the focus has been on the program's approach to ensuring relevance and quality of its outputs, and the efficiency of delivering them.

The IPR team was conscious that the ultimate success of regional programs depends on national implementation of regional agreements, and that efforts to help build capacity of regional institutions depend on the actual as opposed to stated intentions of member states to support and resource capacity enhancement. AADCP II appears to operate in circumstances where the ambition and challenges of implementing the AEC, and building a stronger Secretariat appears to have been underestimated by ASEAN member states. This has implications for what the program can be expected to achieve with respect to its stated objectives.

### **Evaluation team**

The evaluation team consisted of Bob Warner (economist and team leader), Graham Rady (AusAID program evaluation expert), Colin Reynolds (M&E expert) and Kathlia [Martokusomo](#) (ASEC technical officer).

Bob Warner was previously a director of the company that undertook a study under component 2a. Graham Rady has been involved in aspects of the development of AADCP II in his role as independent evaluator.

## 2. Evaluation findings

The evaluation of the program has taken account of the following considerations.

- The questionable validity of important design assumptions about the functionality of key management systems within ASEC, the adequacy of resourcing of the Secretariat to match its expanding mandate and workload, ASEAN member states' preparedness to pursue the ambitious—economic integration agenda under AEC, and AusAID's and ASEC's capacity to forge and implement a functioning partnership to deliver results.
- The need for the program to adapt to fluid and occasionally unpredictable circumstances resulting from the variability of commitment across focus areas the AEC, the challenges of dealing with ASEC's institutional capacities and systems, and the dissonance between aspirations expressed in official ASEAN documentation and actual practice.
- The relational nature of interactions within ASEAN and ASEC, and the need to build and reinforce personal relations of trust to make progress on the program's intentions.
- The challenges inherent in ensuring the effectiveness and impact of regional programs when progress depends ultimately on national level implementation.

### Relevance

The objectives of the program are demonstrably relevant to stated Australian Government and ASEAN priorities. However.

- there has been considerable anxiety over the definition and measurability of the objectives: this has not stopped the program developing a set of activities that conform to partner priorities and, as discussed in the section on M&E, may no longer be a major problem. Box 1 summarises the suggestions of this report for addressing the measurability issue
- specifications of objectives in the design overlooked the critical dimension of partnership: rather than being an approach to delivery of objectives, building a functioning partnership has to be seen as an objective in itself: especially since this has absorbed so much of the program's time and effort. In retrospect, the decision to adopt a partnership approach was premature, and not accompanied by sufficient effort to determine what kind of partnership would be feasible and most appropriate given the modus operandi of ASEAN and ASEC
- it does not seem that adequate attention was devoted to learning from the lessons of AADCP I with regard to delivering a regional program: the AADCP I Independent Completion Report was undertaken some time after the design was finalised. Greater attention could have been given to the lessons concerning the implications of a lack of engagement with national level implementation.

Relevance is not just an issue of whether the program's objectives and overall approach are consistent with development partner priorities: it is also a function of the relevance of the activities supporting the overall objectives.

With regard to the first objective we observe that, in the absence of endorsed higher-level corporate and human resource development strategies to guide the enhancement of ASEC's institutional capabilities, activities to date have necessarily been rather ad hoc.

However, the program has supported important capability supplementation activities. These include funding key embedded program staff positions to fill gaps, and potentially important strategic analysis studies which have the potential to inform adoption of a broader planning framework to guide future engagement.

With regard to the second objective, the end-of-project reports suggest that the program is generally delivering high-quality advice; whether it is timely is harder to confirm, since there have been delays in design, tendering, contracting and implementation. Since the program relies on the interest and willingness of ASEC officials and ASEAN bodies to use the program, we cannot say for certain that it

is necessarily addressing the issues that are most critical to implementation of the AEC.<sup>3</sup> The workstream approach adopted by the program in 2011, and the criteria developed for selection of activities help to ensure that activities are consistent with priorities established by ASEAN bodies, and are linked to implementation of the AEC. But they cannot by themselves ensure that other activities with potentially higher impact have not been overlooked.

With respect to the third objective, it appears from discussions with stakeholders that the quality of strategic planning documents prepared by ASEAN sectoral bodies and working groups varies considerably. This means that the basis for developing well-targeted workstreams to support regional mechanisms and national implementation also varies. This compounds the challenge inherent in the limitations of regional approaches to support national implementation.

### **Box 1: AADCP II objectives**

The three main 'component' objectives listed by the AADCP II design document are:

- 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.

There has been much discussion in relevant AADCP II reports and reviews regarding the utility of these objectives from an M&E perspective, and numerous attempts have been made to restate or 'unpack' these objectives in a more functional manner. While these attempts are usually documented, the formal standing of each iteration of refined objectives/outcomes remains unclear.

This document suggests a slightly different approach to the problem of using the original objectives for M&E purposes. This is simply to first define the broad types of real and measurable changes (or 'Categories of Effects', 'Domains of Change' or Key Result Areas) that might be reasonably expected, if contributions to the stated high-level objectives are made, and then seek evidence of such changes or effects. Given the mandated requirement to make contributions *through a partner institution*, the functional forms that these contributions may take are relatively modest. Regardless of which of the three original component objectives is cited, the likely effects of AADCP II can be identified using the 'desired outcome' of:

*A strengthened Australia – ASEAN Partnership, ASEC, and broader ASEAN, that:*

- *acquires and applies (accurate and useful) learning*
- *develops and applies (good-quality) guidance*
- *develops and applies (good-quality) practices*

*in workstreams and focus areas supporting establishment of the ASEAN Economic Community and related ASEAN objectives.*

- This desired outcome merely recognises that ASEC can exert its influence in a fairly limited number of ways and that any institutional products must be of a sufficient quality to function effectively, and that they must be applied in order to validly represent an outcome-level result. It is suggested that this desired outcome statement form the basis of AADCP II outcome-level M&E. How this might be achieved is detailed in Annex 5.

<sup>3</sup> AADCP II stands in contrast with the AANZFTA ECSP, to which Australia is a signatory. Under the AANZFTA ECSP there is scope to contribute directly to the prioritisation and selection of activities to be undertaken because the Free Trade Agreement is a binding legal agreement.

## Effectiveness

Assessing progress towards achieving objectives is difficult because of:

- the ongoing and as yet unresolved debate about the appropriateness of the objectives/outcomes against which effectiveness is to be assessed—the specification of objectives/outcomes is different in the original design, the draft M&E framework, the latest Annual Review and the October 2011 hand out on the program
  - a more detailed exercise is to be undertaken soon to finalise the specification, and other aspects of the M&E framework—but it is noted that continuing to debate the objectives half way through a program is indicative of less than decisive management on such an important matter;
- the delays in program start-up, which mean that it is in fact in the fairly early stages of implementation with few (11 according the latest RPP midyear review (AADCP II 2012)) projects completed
- limited availability of data because of the absence of an ASEC M&E system, the late development of the program's M&E framework, and because AEC implementation is a national issue.

Notwithstanding these challenges, the program has some commendable achievements.

- Developing the workstream and focal area approach has provided an enhanced degree of program focus—a significant development in an environment of multiple choices and unclear partner prioritisation—which has shifted the ‘rules of the game’ much more strongly in favour of achieving a strategic approach and improving efficiencies in program management and delivery.
- Recruiting a strong PPMSU and embedded program staff who have developed productive relationships within ASEC and earned the trust and respect of ASEC management and officers.
- Developing a relevant and focused portfolio of projects, including some significant deliverables which are helping to define the agenda in certain sectors and have led to follow-up programs of work—for example the Services Scoping Study and the Road Map for Capacity Building in Consumer Protection (Box 2). A very strong example is the workstream on tourism (see Box 3). Other studies, such as the Corporate Development Scoping Study (CDSS) and the Project Management Framework Study have the potential to lead to follow-up programs directly addressing some of ASEC's institutional challenges.
- However, none of these promising developments by themselves amount to evidence of the program bringing about change. Given the lags involved they may not deliver identifiable changes in the lifetime of the program, which is why evaluation work which takes a longer-term perspective across multiple phases of Australian support is desirable.

### **Box 2: AADCP II assistance to consumer protection**

In 2007, ASEAN's Economic Ministers announced formation of the ASEAN Coordinating Committee on Consumer Protection (ACCCP) to promote regional cooperation initiatives to provide ASEAN consumers with a high level of protection. The committee adopted a strategic approach incorporating policy measures and detailed priority actions including the development of: (i) a notification and information exchange mechanism by 2010; (ii) a cross border consumer redress mechanism by 2015; and (iii) a strategic roadmap for capacity building by 2010. AADCP II is assisting the committee with a coherent workstream starting with development of the road map, and assistance in development of mechanisms, capacity building and dialogue. To date, nearly \$1.5 million has been allocated to four linked projects, and a possible fifth project has been identified.

- Road-mapping Capacity Building Needs in Consumer Protection in ASEAN (completed)
- Development of Complaint and Redress Mechanism Models in ASEAN (ongoing)
- Strengthening Technical Competency for Consumer Protection in ASEAN (ongoing)
- Supporting Research and Dialogue on Consumer Protection (ongoing)
- Development of National Redress Mechanisms in AMS (future indicative)

- A realistic and responsive approach to enhancing ASEC's institutional capacity through funding of embedded program staff positions in areas of priority for ASEAN as well as the program.
  - However, the achievements of the funding of embedded program positions are not being adequately captured in program reporting, in part because this element of the program is included in the program management component (Component 3). At the least future reporting should describe major ongoing activities undertaken by embedded staff, percentage of time spent on non-AADCP matters, main achievements, recommended actions to improve contribution and perhaps status of ASEC commitment to take over funding of the position. (Reporting the costs under Component 3 can also lead to overstated assessments of the overhead administrative costs for the program.)

### **Box 3: Australian assistance to implementation of the ASEAN tourism strategic plan**

AADCP II and its predecessor programs have been instrumental in progressing implementation of the ASEAN Tourism Strategic Plan (ATSP) since its formulation in 2009. The activities have followed a logical development (reflecting the coherence and strength of the ATSP itself) from diagnostic and scoping work through to support for policy development and implementation and capacity development. The following list illustrates the coverage and progression of support to tourism across both phases of AADCP.

#### **AADCP I (2004 to 2008)**

- ASEAN Tourism Investment study
- Developing ASEAN Common Competency Standards for Tourism Professionals
- Impact Assessment of the Visit ASEAN Campaign
- Developing Common ASEAN Tourism Curriculum Project
- Capacity Building for an ASEAN Mutual Recognition Arrangement in Tourism Project

#### **AADCP II (ongoing from 2011)**

- Toolbox Development for Housekeeping Tourism Division
- Training of Master Trainers and Assessors for Housekeeping Division
- Toolbox Development for Front Office, F&B Services, Food Production Division
- Gap Analysis on Implementation of MRA on Tourism Professionals
- Feasibility Study for the Establishment of a Regional Secretariat for Tourism Professionals

#### **AADCP II (future indicative from 2012)**

- Development of ASEAN Tourism Professional Registration System
- Training of Master Trainers and Assessors for Front Office, F&B Services, Food Production Division
- Toolbox Development for Travel Agency and Tour Operation Division
- Capacity Building for MRA Adoption by Tourism Educational Institutions in AMS
- Capacity Building for National Regulatory and Institutional Arrangements in Tourism Labour
- Training of Master Trainers and Assessors for Travel Agency and Tour Operation Division
- Recognition of Prior Learning Processes
- Review and development of competencies

The support of AADCP I & II is evolving as a substantial system of sector-wide assistance. Completed and ongoing projects across both AADCP phases represent an investment of over \$5 million. Representatives of the ASEAN Tourism Working Group interviewed by the Review Team expressed great appreciation of this coordinated assistance and suggested that this 'sectoral approach' had strong advantages in terms of both efficiency and effectiveness of utilisation of external assistance to ASEAN.

- Innovations in management processes and procedures, including the out-of-session approach to activity approvals, streamlining PMT processes, achieving significant innovations in tendering, and entering into agreements with multilateral and national implementing agencies.
- Considerable progress in developing a robust yet feasible M&E system up to the output level, linked to a sensible framework for selecting projects and workstreams.

Perhaps the most important achievement of the program, given all the challenges, is that it has developed a working partnership with high levels of acceptance and trust. Box 4 summarises the report's assessment of the partnership as it now stands.

#### **Box 4: AADCP II partnership**

Partnership is a term that is often used rather loosely without a clear definition of what in practical terms is appropriate or expected in a particular situation. For the purposes of this review, a partnership is defined to comprise the following elements: (i) sharing authority, responsibility, governance and decision making; (ii) working towards common agreed objectives; (iii) working through the developing partner's systems and agreeing to strengthen those systems where appropriate; (iv) promoting transparency, information sharing and collaboration. (v) maintaining good relationships and genuine respect; and (vi) jointly learning and managing challenges and risks.

With respect to each of these elements, we have the following observations.

- i. *Sharing authority, responsibility, governance and decision-making*—many stakeholders and informants provided positive and apparently genuine comments about the 'uniqueness' and 'genuineness' of the program's intentions to make joint decisions and empower ASEC and AMS participation through the governance arrangements (these observations were broadly consistent with the partnership snapshot report (Crooke, 2010)).
- ii. *Working towards common agreed objectives*—it is clear that at the highest level there are jointly established articulations of broader objectives, related to AEC implementation and ASEC institutional strengthening. However, in practice, the on-the-ground translation of these articulations into prioritised actions is subject to differing interpretations. It is clear that the definition of ASEC institutional strengthening is not fully shared, with the concept subject to considerable qualification by some members of the CPR. And with regard to AEC implementation, it seems that there is still hesitation about driving the integration agenda to the stated timetable (see Annex 6).
- iii. *Working through partner systems and agreeing to strengthen them where appropriate*—it is clear that working through existing ASEC systems has exposed the program to considerable challenges, particularly with respect to ASEC tendering and legal systems, and the processes for approving projects. Dealing with this has required joint agreement on innovative solutions and new approaches to more flexible and often targeted tendering arrangements, and new forms of agreements with organisations such as multilateral development banks and organisations. Despite the frustrations being experienced, both parties are being quite bold in working collaboratively towards making some important changes. (This said, it is clear that innovation in ASEC depends heavily on the interest and drive of individual officers, rather than being an institutional imperative.)



#### **Box 4: AADCP II partnership (continued)**

- iv. *Promoting transparency, information sharing and collaboration*—this is an area best described as a ‘work-in-progress’ since ASEAN member states officials continue to exercise their prerogatives with respect to interacting with dialogue partner programs and their staff, and ASEC officials are often unable (and sometimes unwilling) to act as efficient and open intermediaries between the program and ASEAN bodies. It would be more efficient if the program could have direct access to bodies on matters related to implementation of agreed work streams, where this does not involve dialogue on policy or other issues of a confidential nature. There are examples of reports produced by the program not being shared with the program. While it is appreciated that such reports (such as the Corporate Development Scoping Study) may have controversial aspects, it seems important that independent reports like this should be shared with the program. This would not impinge on ASEC’s right to accept, reject or call for clarifications of recommendations.
- v. *Maintaining good relationships and genuine respect*—as stated above a range of stakeholders confirm that good relationships generally exist based on genuine respect and a mature understanding of the challenges that all parties face. But given ASEC’s turnover, program team members must continually refresh these relationships: they are not obviously institutionalised.
- vi. *Jointly learning and managing challenges and risks*—it is clear that working through ASEC and ASEAN systems is creating a unique opportunity for joint learning. And some of this learning, for example, with respect to tendering and contractual/legal arrangements is being translated into action and system improvement. However, ASEC is yet to be fully empowered to institutionalise all of the learning and approach to innovation: and it is disappointing that ASEC did not take the opportunity for a fuller engagement with this review.

Given that AusAID has committed to a ‘partnership approach’ in regard to this program, it must also be willing to fully recognise the compromises and constraints this entails. As with most real-world applications of the Paris Declaration principles concerning working through partner systems, there is a clear cost involved in terms of effectiveness and efficiency. This should not be surprising, as resources (including time) will naturally be diverted into strengthening the partner’s necessary policy, practice and/or capacity. Ignoring this fact will result in considerable frustration that the program cannot succeed in ‘having it both ways’. That is, giving a commitment to a partnership, but also applying normal AusAID ‘standards’ of direction (control), strategic planning, M&E and other factors. The partnership inherently means that progress in these areas can only take place, if, and at a rate, the partner agrees and develops its associated absorptive capacity.

While the program partnership is emerging as a strong vehicle for helping ASEC assist with implementation of the AEC, it does not have the shared approach to high-level prioritisation of the AANZFTA ECSP. More generally, the opportunity presented by the program to support dialogue on integration, and to bring Australian perspectives and expertise to bear in the identification of critical issues that the program could be used to explore is not being fully utilised. In that sense the partnership is one in which one partner acts as a facilitator rather than an interlocutor.

### **Efficiency**

Management efficiency is reflected in characteristics such as: delivery of elements of the program on time; consistency of expenditure progress with the allocated budget; adequacy of staffing and efficiency of personnel arrangements; establishment and operation of appropriate management systems (including M&E arrangements); maintenance of efficient and effective governance arrangements; and delivery of cost-effective quality outputs.

- **Expenditure.** Rates of expenditure are not an over-riding measure of management efficiency—rather this report considers that programs such as AADCP II should be more focused on the

quality of expenditure rather its volume or speed. The program's below expected rate of expenditure exemplifies the challenges faced by the program in its early years and the unrealistic projections in the original design – but it also has implications for the balance of the program's duration.

- As at February 2012, the program has been running for over a half of its original timeframe (of early 2008 to December 2015), but only 31 per cent of total program planned expenditure has been realised or committed. In 2011, the program spent approximately \$5 million, and the Program Director expects to achieve expenditure of \$6 million in coming years. At this rate of annual expenditure, it will take until the end of 2019 to fully expend the program's \$57 million budget.
- This review is recommending the development of medium-term expanded programs in selected areas, where it is possible to: confirm the existence of a robust and current strategic framework/action plan; get agreement from the relevant ASEAN body to commission a design mission to efficiently prepare a comprehensive four- to five-year program; provide necessary support through embedded program short-term staff to support program management; and invest in review and learning exercises about midway and at the end of the program period. Adoption of these and other recommendations may have an impact on rates of expenditure.
- **Approvals and processing.** There is a perception expressed by some stakeholders and informants that excessive time is taken to approve and process projects, compared to other partner programs (including AANZFTA ECSP). But this criticism seems not to recognise the desirability and longer-term benefits of working through ASEC systems, and bringing about improvements to expedite processes. The program has introduced a number of initiatives, including: selectively providing external consultants to assist with proposal designs; adopting more flexible and often innovative procurement and tendering arrangements to supplement the standard approach of advertising through the ASEC website; and developing new legal agreements and simplified proposal formats.
- **ASEC staff resources.** Widespread and serious concerns were expressed to the review about the adequacy of staffing of ASEC to fulfil its mandate more generally and more specifically to manage the additional workload associated with preparing project proposals and monitoring project delivery.
  - In response the program has funded three embedded program staff positions to address jointly agreed human resource gaps. These embedded positions include a Senior Economist, a Technical Officer (Trust Funds) and a Technical Officer (Contracts/Legal). In addition, a Technical Officer (Personnel) was recruited but is now located with the PPMSU to serve the program's needs. The program is also funding the Director of the ASEAN Integration Monitoring Unit (not originally contemplated during program design) and is in the process of recruiting a Chief Corporate Specialist and a Technical Officer (Corporate Development).
  - Notwithstanding the funding of these embedded program staff positions, some delays are reported in developing and implementing legal agreements. It is widely accepted that the Legal Department is still under resourced for an organisation meant to be supporting a rules-based system.
- **Governance.** Governance functions for the program are the responsibility of the JPRC and the PMT (the latter comprises an AusAID Program Director and two Assistant Director level officials from ASEC).
  - The JPRC acts as the pre-eminent governance body, establishing strategic directions and monitoring program performance. The JPRC at the moment is also approving activities and projects for funding. This was not envisaged in the original design (see Box 5), and seems to have arisen partly as a result of the lack of clarity with respect to the relative roles of the CPR (which came into being and took its role in the JPRC after the program became operational) and ASEC (Croke, 2012). As a result there is currently a blurring of the roles of the JPRC and PMT with respect to project approval.

- This has the potential to deflect the JPRC from its more important role of providing strategic direction and ensuring efficient management of the program. The PMT has developed robust systems to ensure that projects align with ASEAN priorities, implement the decisions of the JPRC and to ensure appropriate use of funds. Projects are endorsed by the relevant sectoral bodies who are the appropriate technical decision- making bodies for project proposal content; corporate projects should be in support of the ASEC Human Resource Development (HRD) plan and be approved by Director Corporate Affairs or the Deputy Secretary General Community and Corporate Affairs prior to PMT consideration, and the program:
  - has a PMT and PPMSU to manage program implementation consistent with broad strategic directions from the JPRC
  - has appropriate procurement processes consistent with ASEC and AusAID requirements
  - has appropriate M&E/quality control processes at the project level acceptable to the partners
  - is subject to independent annual reviews to facilitate monitoring by the JPRC; and
  - has its accounts independently audited annually.

#### **Box 5: Governance roles in the original design**

The original design for the program proposed a clear delineation of responsibilities between the JPRC and PMT with respect to activity approvals.

According to the design, the JPRC was to:

- Ensure both ASEAN and Government of Australia (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.

The PMT was to be 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 Bureau for Economic Integration and Finance (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)
- Producing appropriate informational materials on AADCP II and promoting the program's visibility.

Source: GOA/ASEC Design Mission, 2008 (Emphases added)

- This review suggests that because of the additional safeguards of the program, the JPRC and its CPR membership should adopt a risk management approach to project approvals, and delegate all approval decisions below a predetermined level to the PMT, subject to application of approved criteria and selective ex-post monitoring to ensure compliance. (This said, the review notes that as a sign of growing trust in the delegation of responsibilities to the PMT, the JPRC will now meet

once a year, with much project approval undertaken out of session.) Box 6 describes how another regional organisation, Asia – Pacific Economic Cooperation (APEC), has reformed its approach to managing projects and approving activities.

### **Box 6: Recent APEC project management reforms**

APEC, like ASEAN, recognises that projects are a vital element of efforts to achieve sustainable regional economic growth and prosperity. However, it is quite clear to APEC that effectively championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical cooperation, enhancing human security, and facilitating a favourable and sustainable business environment requires effective projects to turn aspirational policy goals into concrete results and agreements into tangible benefits.

Between early 2008 and late 2010 APEC undertook a series of studies into how to reform its project management system and to improve the effectiveness of projects. The recommendations in these studies have been almost unanimously adopted and are at various stages of being implemented. In brief, the major changes have included:

- a move towards fewer, larger and more strategic multi-year projects
- the delegation of approval of projects to lower levels in the APEC hierarchy with the intention that only the larger multi-year projects would need to be approved by the higher levels in the hierarchy
- a greater emphasis on strategic and systemic items on the agenda and far reduced emphasis on approval of individual small projects
- agreement to pilot certain recommended changes where all members were not totally comfortable, rather than rejecting the suggested reform
- restructuring of the quality, monitoring and evaluation framework and the supporting forms, formats and processes to place far greater and more consistent emphasis on assessing the DAC evaluation criteria in approving projects, monitoring and reporting progress, reporting at completion and evaluating the projects
- the introduction of a forward evaluation program that assesses clusters of similar projects
- considerable past and ongoing work on project selection criteria that promotes increasing confidence that the program is supporting the highest priorities
- building the capacity of the APEC Secretariat (the project management unit) to efficiently implement the reforms and to support member countries' preparation of good-quality proposals
- introduction of a Concept Note step to handle the problem of far too many full project proposals being provided with no prospect of receiving funding
- developing a framework for collecting, analysing and reporting more strategic information to the governance forums
- improving and simplifying travel and per diem arrangements
- improving project budget formulation and project extension arrangements to minimise the administrative workload
- developing an enhanced Project Management Information System and database.

- The JPRC is currently not well supported in discharging its strategic oversight role by the documentation provided to it by the PMT:
  - the structure of the Rolling Prioritisation Plan invites a focus on project detail, and its executive summary does not direct the JPRC to consider strategic level issues

- the review has not seen evidence of other documentation, such as issues and options papers that could be used to seek JPRC guidance on higher-level issues or inform deliberation on strategic matters.<sup>4</sup>
- The PMT has adopted a number of measures to improve decision-making efficiency given the difficulties created by ASEC officials' heavy travel programs.
- The program is reported to be experiencing problems with attracting quality responses to tenders (Crooke 2012). Discussions with some contractors suggest that working with ASEC and ASEAN bodies is not always easy, and that delays, deferrals and the difficulty of getting adequate engagement with ASEC officials and AMS national agencies can add to management costs. It is also reported that the absence of substantive interactions with the ASEAN bodies for which studies are commissioned can be a cause of professional frustration.
  - ASEC's inability to operate a panel system also makes it harder to quickly mobilise consultants to undertake smaller tasks to respond to emerging issues is also a constraint on the program's ability to service ASEAN bodies
  - However, the program has successfully developed methods of contracting international agencies to implement larger projects, which provides a way of engaging high-quality expertise.

## Impact

Impacts are generally defined as long-term direct and indirect, positive and negative effects/results/outcomes of a program on the ultimate beneficiaries. For AADCP II, impact could conceivably be assessed at the level of individual AMS (components 2a and 2b) and ASEC (component 1 and capacity supplementation elements of component 3). However, there are a number of complications that make assessment of impact during the lifetime of the program particularly difficult.

- The program provides inputs into policy making, and knowledge related support for policy implementation. The link between these inputs and impacts on the people of AMS are long, tenuous and complicated. It is hard enough to identify impacts of policy related support delivered at the national level: even harder where support is delivered at a regional level. And there is always the problem of attribution in circumstances where many factors bear on policy decision making, let alone the translation of policy initiatives into impacts on peoples' lives.
- Lags are a serious issue: as is the generally 'light touch' of many of the activities supported by the program, such as studies not directly linked to a clear policy development process, workshops and training courses.
- Development of ASEC's institutional capacity is seriously affected by the continued mismatch between resources and responsibilities and the lack of competitiveness of its salary structures. As indicated earlier, while the Secretariat's budget has increased by more than 100 per cent in nominal terms since adoption of the ASEAN Charter, the meetings workload has also nearly doubled. There also seems to be a questioning of the need for institutions like the Secretariat to engage in continuous improvement to achieve good practice performance. The program has sought to strengthen ASEC's capacity through the process of jointly finding solutions to procedural problems affecting the program's operations, and the informal 'rubbing off' of skills and knowledge occurring as program staff work with ASEC officials.

However, when the continuity of Australian engagement over AADCP I and the current program (and even the early cooperation programs) is taken into account, it is evident that AusAID support in some areas (for example tourism) is significant in terms of resources, and of a sufficiently long term for some of the lagged benefits to be observable. This review suggests that the program or AusAID

<sup>4</sup> The review notes that with the inclusion of CPR members on the JPRC, the commencement of AANZFTA and Australia's membership of the East Asian Summit, discussions at the JPRC were being drawn in to matters not directly related to the program. To resolve the resulting problems, ASEAN has established the ASEAN – Australia Joint Coordination Committee to deal with broader issues of Australia's engagement with ASEAN.

independently should undertake multiphase assessments of engagement in some sectors to see if impacts can be identified and assessed.

## Sustainability

The rules-based nature of ASEAN's charter and the AEC ought in principle at least to suggest that the likelihood of reversal of reforms supported by AADCP II is lower than was the case with the program's predecessors. But, as the discussion in Annex 6 suggests, there are aspects of the AEC and how ASEAN member states approach implementation of the Community's elements that suggest that parts are still treated as long-term aspirations rather than immediate, binding commitments.

In addition, the program still does not have enough completed activities to support an organised assessment of their effects on policy. And, as is clear from previous discussions, there have to be question marks over the sustainability of the changes brought about with respect to ASEC capacity.

- However, there are positive signals with respect to ASEC's commitment to regularise some of the embedded program staff positions supported by the program and fund them from the Secretariat's own budget. And the program is managing many of the factors identified by the most recent Annual Review Report (Crooke, 2012) as having an influence over sustainability, and is realistically assessing risks.
- **Levels of ownership.** Ownership of the program is high amongst senior ASEC staff.
- **Capacity of staff.** Senior ASEC staff regard the PMT and PPMSU as highly capable and doing a very good job, and the capacity of senior ASEC staff involved in the program also tends to be consistently high.
- **Affordability.** The program's approach is reasonably cost effective: but there remains the risk associated with ASEC's under-resourcing.
- **Technical appropriateness.** The program has access to a range of human resources to address technical challenges. The management skills currently embedded in the PMT are of a very high quality.
- **Appropriate participation.** The program has limited influence over who, within ASEC and ASEAN bodies, participates in the program. It has had to engage in a range of awareness and trust building activities to encourage participation. This may be an issue which has to be considered at the highest level of Australia – ASEAN interaction.
- **Regularity of review.** The annual review reports are of a very high quality, and provide valuable inputs that can be used to adapt the program. How well they are scrutinised and acted on by the JPRC may be an issue, given that body's current preoccupation with activity approval.
- **Partner strength.** The kind of partnership approach that the program embodies poses considerable challenges for ASEC, impacting on the program's intention to help strengthen the Secretariat.
- **Political will.** All regional initiatives exhibit tensions when implementation of regionally agreed actions confronts the realities of national level implementation and prioritisation, and, as discussed in Annex 6, ASEAN is no exception to this reality. These tensions also affect participant's attitudes towards enhancing the role and functionality of regional institutions. The forthcoming mid-term review of implementation of the AEC may lead to a reinvigoration of efforts to implement the Community's agreements, and the program should continue to be ready to respond to such an eventuality. Australia's other points of engagement with ASEAN and member states might also be used to inform strategies adopted by the program.

## Gender equality

There is a significant mismatch in the priority attached to mainstreaming—or even considering—gender concerns in the program. The kinds of activity typically supported by the program do not readily lend themselves to pursuit of gender related objectives. As the latest annual report puts it, 'for ASEC staff and AMS sectoral bodies involved in the program, gender is not at this point an important consideration, and any attempts to discuss the issues tend to bring forth knowing looks and a demeanour of long-suffering forbearance' (Crooke, 2012).

In these circumstances, and given the way in which the partnership has evolved, it is difficult to see how the program on its own can advance AusAID's concern to promote consideration of and action with respect to gender equality, beyond, as it currently does, reporting where possible on the gender dimensions of participation in program activities. This seems to leave two options:

- in the spirit of facilitative partnership that currently characterises AusAID and Australia's engagement with the program, recognise that gender is not a current priority of ASEAN and ASEC partners, and continue to raise gender issues where opportunities arise
- press Australia's case for a deeper consideration of gender issues at higher levels of engagement with ASEAN – this could perhaps include preparing issues papers for interactions such as the ASEAN – Australia Forum laying out the opportunity costs for ASEAN of not raising gender concerns to a higher priority.

## Monitoring and evaluation

AADCP II already has reasonably detailed and effective M&E systems addressing the output level,<sup>5</sup> and while there is a clear need to extend these systems to capture outcome-level results and improve review and learning functions, neither the program nor the ASEC staff it works through has substantial slack capacity to do so. Hence, any attempt at operationalising outcome-level M&E systems will need to be modest in scope and associated workloads, or will need to include substantial supplementation of existing both program and ASEC resources.

With these constraints in mind, the review team has developed an integrated set of proposed options for outcome monitoring. These suggestions are provided as Annex 5 of this report and attempt to build upon the considerable work already carried out by the program M&E specialist and adviser.

It is clear that ASEAN leaders have a keen interest in monitoring compliance with and impacts of the AEC, and the program's support for the ASEAN Integration Monitoring Office (through funding its director, and engaging with the World Bank to provide a significant program of support) is an important achievement. The program can clearly build on this opportunity.

## Analysis and learning

The history of AADCP II since the transition phase in 2008 could be described as a story of learning by doing. But it also seems to be a story of not stopping to learn lessons of past experience and the imperative of performing due diligence before committing to particular models of engagement.

It seems clear that insufficient attention was given to what should have been apparent from the experience of AADCP I that ASEC and its systems were not ready to deal with the demands of a large and complex program. This speaks poorly of AusAID's functionality as a learning institution, and perhaps the consequences of past heavy reliance on professional managing contractors without attempting to learn how they dealt with complex and fluid environments and fragile institutions. However, during the course of the last four years, the program team, its ASEC counterparts and its managers in AusAID have proved to be very adaptive and innovative, finding solutions to problems and ways of dealing with bottlenecks.

The problem is that this means that the program has had less time to devote to delivery, except with respect to the critical requirement of building a functional if not always strategic partnership with ASEC and through ASEC, parts of the ASEAN system.

<sup>5</sup> This system is made up of the criteria, principles, reporting requirements and information collected through AADCP II process documents, including: *AADCP II Working With Us Guidance*; *Guidelines on Project Proposal Development and Approval*; *Project Proposal Template*; *Project Concept Note Quality Checklist*; *Project Proposal Quality Check List*; *Project Terms of Reference Template*; *Tender Panel Report Template*; *Technical Assessment Panel Rating Sheet*; *Project Output and Report Feedback Form*; *Dissemination Of Output/Report Agreement Form*; *Dissemination Of Output/Report Agreement Form*; *Inception Report Feedback Form*; *Guidelines for Contractors* (includes M&E requirements); *End of Project Review Template*.

The system of Annual Reports is an effective vehicle for drawing out lessons of experience with respect to program management, and for providing recommendations for change. What the program seems to lack is a mechanism for drawing technical and substantive lessons from the activities it funds to inform future directions and assist ASEC and ASEAN bodies chart future directions and identify priorities for future engagements. This proposal of this review with respect to adopting a more comprehensive programmatic approach offer a means of incorporating learning about substantive issues and experiences of ASEC bodies and AMS with the various steps in developing agreements, translating them into national policies and moving forward to implementation.

## **Other issues**

### **Donor coordination**

Feedback from interviews indicates that current approaches to donor coordination by ASEC and the JPRC do not seem to be very effective. Information collected by ASEC is reported to be out of date, and it has been left to the AADCP II Program Director to organise informal sharing of information with other dialogue partner programs. This risks wasteful overlap and loss of opportunity to exploit synergies. With the emphasis that ASEAN is now placing on the Implementing ASEAN Integration (IAI), Narrowing the Development Gap and Connectivity agendas, AusAID needs to provide more complete information to ASEAN concerning the totality of its support to AMS and the region to help deal with the broader challenge of coordinating donor support throughout ASEAN.

If ASEC embarks upon a strategically driven program of institutional strengthening based on the findings of a number of corporate reform studies, a harmonised approach by dialogue partners would be the most efficient way of providing support.



## Evaluation criteria ratings

Evaluation criteria	Rating (1–6)	Explanation
Relevance	5	<p>There is clear and strong alignment with Australian and ASEAN statements of strategy. However, the program design misread the depth of support for an enhanced role for ASEC as well as AMS' preparedness to accelerate implementation of the AEC to meet 2015 deadline. Further, it is not clear that the program's approach leads to identifying the most critical issues to work on: the partnership is more facilitative than dialogue focused.</p> <p>This problem is exacerbated by the variable nature of the strategic forward plans prepared by ASEAN bodies which makes it hard to be sure that the highest priority interventions are being identified.</p> <p>However, assessments of capacity building needs and scoping studies are important initiatives to enable identification of relevant activities.</p>
Effectiveness	4	<p>With a more appropriate definition of objectives that recognises the important aim of developing and managing a partnership with ASEAN and ASEC, and given the shift to a more programmatic approach with the adoption of the workstream system along with articulation of sensible criteria for activity selection, the program is in a position to start delivering some useful contributions to implementation of AEC.</p> <p>The fact that some ASEAN bodies do not have strong and strategic forward plans makes longer-term and programmatic activity planning problematic. The lack of clarity regarding the future role and resourcing of ASEC means that contributions to the Secretariat's institutional capacity are largely incidental to getting the program to work. However, two key studies funded by the program could lead to substantial work on this issue if recommendations are pursued.</p>
Efficiency	4	<p>Expenditure levels are low compared to expectations. But these original expectations were unrealistic, even disregarding the challenges the program has faced with respect to its operating environment. Solutions are continually being found to impediments to procedural efficiency, although significant challenges remain given the nature of ASEC systems. The program struggles to deal with a culture within ASEC focusing on small value, low-impact activities, but the new workstream approach may be able to start shifting this constraint. And there are examples of larger activities being approved.</p>
Sustainability	3	<p>The program has control over some, but not all of the factors bearing on sustainability. The current lack of action to address the challenges facing ASEC is a cause for concern for elements of the program. Similarly, the fact that implementation of the AEC by 2015 is a function of national level prioritisation and action by member states makes raises the possibility of reversal or dilution of reforms called for by the AEC Blueprint.</p>
Gender Equality	3	<p>AusAID and ASEAN have clearly not reached a meeting of the minds on the priority to be allocated to the pursuit of gender equality in the program. In any case, given the economic policy orientation of much of the program, the program does not have strong instruments to bear on improving gender equality within AMS.</p>

<b>Evaluation criteria</b>	<b>Rating (1–6)</b>	<b>Explanation</b>
Monitoring & Evaluation	4	Despite much anxiety over the evaluability of the overall program, AADCP II has developed detailed and effective monitoring and evaluation systems addressing the output level. While there is a need to extend these systems to capture outcome-level results and improve review and learning functions, attempts to do this will need to recognise capacity constraints and a continued lack of appetite for this kind of program information within ASEC, and focus on the learning as opposed to accountability dimensions of M&E. (This said, the program's work on supporting high-level monitoring of the AEC is filling an expressed need and can be built on.) An approach to evaluation that examines Australia's longer-term engagement with ASEAN's integration agenda over both phases of AADCP (or longer) is needed to assess the contribution of AusAID support.
Analysis & Learning	4	AADCP II's performance over the last four years has been a model of learning and adaptation, at least with respect to program management and delivery. It has also commissioned some valuable learning studies related to the AEC and ASEC institutional agendas.  But the program design failed to take account of what could be learned from past experience of working with ASEC, and AusAID seems to have rushed to put in place a partnership approach without testing if the circumstances were conducive, or asking what kind of partnership would be most appropriate.

#### Rating scale

<b>Satisfactory</b>		<b>Less than satisfactory</b>	
6	Very high quality	3	Less than adequate quality
5	Good quality	2	Poor quality
4	Adequate quality	1	Very poor quality

### 3. Conclusion and recommendations

The AADCP II program is emerging from a protracted period of finding its way towards an effective, facilitative partnership, and is positioned, all other things being equal, to deliver significant contributions.

That it should have taken nearly four years to reach this stage is a measure of how challenging the institutional context is in which the program operates. But it is also a measure of how poorly AusAID assessed this context and the challenges it would bring with it, how unrealistic were aspects of the program's design, and how little consideration was given to translating high-level commitments to the aid effectiveness agenda into practical programs dealing with a complex, adaptive and highly political environment to support difficult policy reforms.

Specifically the program has had to deliver policy and institutional support activities in a situation where:

- The key policy agenda (AEC) is broad, complex, and challenging, and the program's instruments operate regionally when the real action is at a national level.
  - Prioritisation across and within the elements of the AEC agenda is technically and politically difficult to achieve and predict, and ASEAN and ASEC structures have to grapple with institutional and cultural features that do not lend themselves to straightforward approaches to prioritisation. Negotiation, commitment to consensus and reluctance to surrender sovereignty and to limit scope for policy adaption make it difficult to construct simple interpretations of the effects and implications of AEC agreements. They also make it hard to identify constructive program activities that deal with the key challenges of integration.
- ASEAN member states have been guarded in their approach to taking action to expand and strengthen—or even adequately finance—the role of the Secretariat, leaving significant uncertainty regarding any mandate to build its functionality and to become a more results-oriented institution.
- By its very nature—including the attenuated nature of the links between the activities it supports and developments that affect peoples' lives and the complexity of its operating environment—the program will struggle to demonstrate impacts, and often to clearly point to outcomes.

Despite all these challenges, the program has the capacity to deliver credible activities to meet the overarching shared objective of cooperation between ASEAN and Australia. The key to making the best of the platform created by the program and its predecessors lies in:

- focusing heavily on quality at entry issues: working on priority areas, as best as they can be ascertained, and ensuring that activity designs propose high quality technical activities with arrangements to review and validate the quality of technical work
- continuing the progression towards a fuller programmatic approach to optimise the efficiency of resource use and increase the likelihood of having an impact—at the policy and implementation approach level where the program actually operates
- harnessing more of Australia's practical expertise in dealing with the challenges of integration and policy reform to inform strategic decision making for the program, and perhaps to assist with delivery of some program activities.

The challenges facing the program are unlikely to abate in the short- to medium-term. However, there are some opportunities—arising in part from investments made by the program—that could offer prospects of ramping up the contribution considerably. These include:

- completion of the CDSS: this could provide the basis for formulation of important strategies (such as a Human Resource Development Strategy) whose design and implementation could form the foundation of a strong program of support
- Project Management Framework Study: this could also provide the basis for a systematic approach to building ASEC's capacity in an area dear to the heart of AADCP II
- forthcoming mid-term review of the AEC being conducted by the Economic Research Institute for ASEAN and East Asia (where the new DSG responsible for the AEC was recently working)—this

could lead to the development of stronger and more urgent strategic plans by ASEAN bodies which could in turn form the basis for development of linked programs of support in areas that up until now have had limited engagement with AADCP II.

## Recommendations

**Deepening the programmatic approach.** There is scope to build on the current workstream approach to deepen the programmatic nature of the program. Such scope could include trialling a more comprehensive approach for workstreams meeting desirable criteria, adding:

- needs assessments and stocktaking of past engagements and donor programs
- longer-term multi-activity project designs
- targeted review/research where activities are building on support provided by earlier AusAID programs
- funding additional embedded staff if needed to help with ASEC oversight and management of the workstream.

Potential entry points for an enhanced approach include:

- ASEAN Integration Monitoring Office which is responding to a strong high-level demand for information on the achievements of AEC, and is already the target of significant AADCP support
- Narrowing the Development Gap agenda, which is enabling a focus on activities that engage with national level implementation challenges
- CDSS and Project Management Framework studies, which could lead to programs of support for HRD and procedural change in ASEC
- forthcoming mid-term review of AEC, due to be submitted to ASEAN in August, which could trigger more prioritised activity in certain areas
- proposed development of a road map for regulatory reform support
- connectivity agenda.

**Enhancing M&E and learning.** The program has developed credible systems for prioritisation of activities and for M&E up to the output level. The next steps in enhancing the M&E and learning systems for the program include:

- adopting the suggestions pertaining to outcome-level monitoring and improvement of review and learning functions provided in Annex 5 of this report, and considering further augmenting ASEC resources as necessary to assist their implementation<sup>6</sup>
- responding to the clear ASEAN demand for higher-level information on achievements and outcomes of the AEC agenda by providing further support to the work of the ASEAN Integration Monitoring Office
- commissioning (either from within the program's budget or from other AusAID resources) at least one review of engagement on a sector/workstream/focus area across both phases of AADCP (and even perhaps including AAACP activities if appropriate) to test evidence of outcomes and impact, and to enable production of case studies to be reported in program M&E documentation.

**Institutional capacity building.** The program must continue to pursue institutional capacity building by providing program/project-based opportunities for 'learning by doing'. But the Secretariat may be able to adopt a more strategic approach to human resource development and procedural change, especially if the recommendations of the CDSS and the Project Management Framework studies lay out a basis for action by ASEC. The PMT should consider:

- building on its current efforts to preparing to support changes suggested by the CDSS, including development of a program of support to articulation and implementation of an ASEC HRD strategy

<sup>6</sup> Either as direct staff supplementation or as part of an M&E related project.

- taking a more strategic/program-centred approach to capacity supplementation, including reporting on expected and actual results of funding embedded program staff (to assist with this, consider shifting this item from component 3 to component 1 of the program).

**Governance.** It is clear that a better delineation between the functions of the JPRC and the PMT is necessary if the program is to benefit from the strategic guidance that the JPRC is positioned to provide, and for the PMT to ensure efficient and timely implementation of the program. Actions could include the following.

- Revising the basis of communication from the PMT to the JPRC to better focus attention on strategic level decisions. This could involve:
  - revising the annual RPP document or adding a more strategically focused executive summary, targeting decision making at the workstream level
  - preparing issues/options papers to seek JPRC guidance on key issues (for example, the JPRC could be asked to consider how strategic the current program engagement with Agriculture is, and whether an enhanced approach might be desirable, or JPRC advice on how to engage with ASEAN sectoral bodies to provide support in developing strategic work plans).

Supporting a risk-based approach to vetting commitment of funds. This would involve:

- agreeing on a framework for increasing the activity value thresholds below which approval is delegated to the PMT, including criteria for ensuring that an adequate appraisal has occurred against agreed criteria
- providing the JPRC with information that will begin to flow from an enhanced M&E process so that performance of the delegation can be assessed.
  - If JPRC were to have delegated approvals of activities with values up to US\$300 000 since the beginning of the program, it would have had to vet 24 activities (38 per cent of the total number) accounting for 67 per cent of total spending on components 1, 2a and 2b. (Note that with a limit of US\$500 000, it would have had to vet only six activities: but these would have accounted for 39 per cent of total expenditure.)
  - This review suggests adopting a delegation limit of at least US\$300 000.
- **Extending the program.** The program is clearly finding useful activities to finance, and despite all the challenges is making a useful contribution to ASEAN's pursuit of the goals of AEC. If the recommendations of this review are adopted, the program will be positioned to deliver credible achievements, especially if some key diagnostic studies can deliver a foundation for more concerted programmatic support. The program should be extended: but with reviews to assess if the potential is being realised. This review proposes an extension to no later than December 2019, with an independent review in late 2015 or early 2016 to assess performance in implementing the AEC and the program's contribution to that performance. If spending has accelerated compared to current rates, that review may recommend an earlier closure. There should be a further review one year in advance of closure to identify lessons that can inform design of a possible further engagement with ASEAN.

## Lessons

The experience with AADCP II should offer both ASEAN and AusAID some important lessons about regional cooperation and partnerships.

Some obvious lessons are as follows.

- Proper due diligence on partner systems is essential if they are to be used in pursuit of the aid effectiveness agenda.
- Expectations need to be well managed as regional programs are inherently challenged when it comes to delivering outcomes and impacts and should be approached with a clear understanding of what can be achieved.

- Similarly, AusAID has to assess more thoroughly its own ability to operate in partnership mode, with respect to technical and procedural back up, ability to support a dialogue focused partnership as well as playing a facilitative role.
- An effective partnership with ASEAN needs an engagement that goes beyond ASEC to include the sectoral bodies, and that goes beyond AusAID to include Australian agencies and institutions that can interact on technical and strategic dimensions of policy reform and institutional development. There are a number of dimensions to a more effective partnership, including actions to achieve efficiencies on lower level administration and management issues, as well as a more strategic interaction with the critical stakeholders for program support to implementation of the AEC. The latter will be important if the program is to be able to undertake meaningful M&E of its activities.
- When AusAID has a long-term multiphase policy-oriented engagement with a partner, evaluation should automatically consider assessing effects across phases, and not just be limited to within a single phase where lags almost guarantee that evaluation will be hamstrung.

## Annex 1: Completed outputs and activities (as at February 2012)

Component	Output/completed activity
<i>Component 1 (Strengthening the ASEAN Secretariat's Institutional Capacity)</i>	Research Networks Support
	ASEC Salary Review
	Corporate Development Scoping Study
<i>Component 2a (Economic Research and Policy)</i>	Enhancing Implementation of ASEAN Agreements
	Services Scoping Study
	Services Diagnostic and Needs Assessment
	Investment Trends and Prospects in ASEAN
	Road-Mapping Capacity Building Needs in Consumer Protection in ASEAN
	Free Flow of Skilled Labour Scoping Study
	Logistics Scoping Study
<i>Component 2b (ASEAN Economic Community Implementation)</i>	Development of Coordinating Committee on Investment Work Plan

Source: AADCP II PMT 2012

## Annex 2: Terms of reference for Independent Progress Report

### 1. Context

1.1 The ASEAN – Australia Development Cooperation Program Phase Two (AADCP II—\$66.7m 2008–15) became fully operational in July 2009. AADCP II is contributing to ASEAN’s regional economic integration goals and achievement of an ASEAN Economic Community (AEC) by 2015. The Program is being delivered through a partnership between AusAID, ASEAN and the ASEAN Secretariat (ASEC).

1.2 The objectives of the AADCP II are to:

- strengthen ASEC’s institutional capacity to facilitate and support ASEAN integration and community building efforts
- support movement towards the AEC through provision of timely and high quality economic research and policy advice
- provide support for regional mechanisms and capacity for the implementation of selected AEC Blueprint activities at the national level.

The components of the seven-year program are consistent with these objectives.

1.3 The Program is now gaining significant momentum following a slow start, primarily due to the problems encountered in transitioning to the new partnership delivery arrangement. Previous AusAID programs with ASEC, including AADCP I, used the traditional Australian Managing Contractor mechanism. Over the initial years, progress was hampered by the need to develop and implement the necessary systems, processes and tools within ASEC. To date the Program has struggled with strategic direction for project development, which has impacted on the rate of current expenditure and forward planning for expenditure. At this point—halfway through the Program—less than one quarter of the program budget of \$57 million has been expensed. A new program framework, together with a strategic planning exercise, has considerably assisted in reversing this trend. Thirty-eight activities are either completed or underway, and the activity pipeline has the potential to increase the number of projects for the remaining years of the Program. However, at current projections of \$6–7 million annually, the total expenditure would be approximately \$40 million or 70 per cent of the total budget available.

1.4 As the program is being delivered in partnership with ASEAN and ASEC, the involvement of ASEAN and ASEC is crucial to this process, given that they must commit to jointly engaging in the process and following through on the agreed recommendations of the *Independent Progress Report* (IPR). ASEAN and ASEC officers will be invited to participate in and contribute to the IPR, through the in-country mission and in the drafting of the IPR.

### 2. Objectives of the review

2.1 The IPR will make recommendations for the remainder of the program and propose appropriate changes to budgets, resources and timeframes as required. Importantly the IPR will put forward options to ensure the optimal sustainable outcomes from the Program in the time available, taking into account the resources available. The IPR will also examine the governance arrangements for AADCP II to ascertain whether they remain appropriate and relevant. The objectives of the IPR are to:

- a. assess the performance of AADCP II against the DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability; and the AusAID criteria of monitoring and evaluation and gender equality. In assessing overall effectiveness in relation to its stated goals and objectives, the IPR will take into account changes that have been implemented since the original design to make the program more practical and workable, (as documented in the 2nd Annual Review)



- b. assess AADCP II's success in addressing other key performance concerns, including adequately promoting gender equality, establishing and operationalising a robust monitoring and evaluation system, and undertaking ongoing analysis of the operation of the Program, drawing out major lessons learned and taking remedial action to ensure continuous improvement
- c. define the main issues affecting AADCP II's performance and propose solutions, for example assessing the effectiveness of the partnership delivery mechanism; and ASEC processes and capacity limitations. Particular attention should be paid to identifying lessons learned and practices to draw on for designing future programs of ASEAN – Australian development cooperation
- d. assess future budgetary requirements and options for the use of funds for the remainder of the Program, including an extension of time
- e. review the accountability and governance arrangements for the Program, including the frequency and membership of the Joint Planning and Review Committee meetings
- f. address any other issues that the IPR team considers necessary for the successful completion of the IPR
- g. make recommendations for the future directions of AADCP II in relation to available budget and resources to promote improvements in effectiveness and efficiency.

### **3. Evaluation method**

3.1 The Team Leader, in consultation with team members, will draft an evaluation plan at least two weeks prior to the in-country mission for approval by AusAID and ASEC. The plan will expand on the evaluation questions (Annex 1); describe the evaluation methodologies to be used; and provide an indicative report structure. The IPR will be undertaken according to the approved evaluation plan. The evaluation approach should include a document review and analysis by all team members, an in-country mission and stakeholder consultations as a minimum. A non-exhaustive list of reference documents is provided at paragraph 7 below.

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

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

3.3. Prior to the commencement of the IPR, the team should gain a thorough appreciation of the AADCP II's context, rationale, desired outputs and outcomes, implementation methodologies, program management, monitoring and evaluation, results achieved, lessons learned, major issues.

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

### **4. Timing and duration**

4.1 The IPR will take place from March to early June 2012. It will require up to 25 days input by each team member, with an additional six days for the Team Leader, if required. The following phases are required:

<b>Task</b>	<b>Indicative timing</b>	<b>Location</b>	<b>Input</b>	<b>Output</b>
Evaluation plan	1–5 March	Australia	2 days For Team Leader (TL)	Evaluation methodology and plan submitted to AusAID by 5 March
Preparation and desk review	26–30 March	Australia	5 days	Including team briefing on 26 March in AusAID, Canberra. Draft outline for the IPR
IPR meetings	9–16 April	Jakarta	9 days (incl. travel)	Discussions with relevant stakeholders including personnel from ASEAN, ASEC and AusAID, collect relevant data, prepare the Aide Memoire for presentation at stakeholder workshop on 16 April
Stakeholder workshop	16 April	Jakarta	1 day	Discussion of preliminary findings and issues with relevant stakeholders
Draft report preparation	17–30 April	Australia	5 days	Draft report as per the AusAID template by 30 April including a presentation to AusAID Canberra on 18 April
Stakeholder comments	1–14 May	Australia		Comments to Team Leader by 14 May
Revise draft report	14–21 May	Australia	2 days for TL	Revised draft report to AusAID by 21 May
Independent peer review	22 May– 8 June	Australia	3 weeks	Peer reviewers' comments from AusAID to Team Leader by 8 June
Finalisation of report	8–15 June	Australia	2 days for TL	Final IPR to AusAID by 15 June

## 5. Team composition

5.1 In the interest of ensuring adequate input by both partners to this Program this IPR should include representatives from ASEC and AusAID.

5.2 It is recommended that the team comprise four members: two consultants, a nominated officer from ASEC and an AusAID representative. One consultant will be engaged as Team Leader. Some of these roles and specialisations may be combined in the same person. It is expected that team members may have overlapping responsibilities and areas of activity.

## Consultants

5.3 The two consultants and the ASEC and AusAID representatives will have complementary skills in team leadership, monitoring and evaluation, economics and capacity building/institutional change. They should also have an appreciation of the economic and development aspects of ASEAN member states and ASEC. They will contribute specialist knowledge and technical understanding in these areas and in approaches to capacity building and institutional change. Both consultants will have extensive experience in reviewing technical cooperation programs and projects.

5.4 The Team Leader (TL) will provide leadership and assume overall responsibility for the IPR and will be responsible for the final report, although various sections will be contributed by other team members under direction. The TL will be responsible to AusAID for the overall conduct and management of the IPR including: engagement with all team members; presentation of the IPR purpose and scope; and engagement with IPR participants. He/she will also be responsible for the rigour of the IPR and the application of appropriate methodological inquiry to each area of the IPR.

5.5 The TL will also cover the role of the economist and as such will be widely experienced in economic analysis and project assessment and the practical application of economics to a multi-faceted program in a complex environment. As economists were involved in the original design of the Program, the economist needs to assess the economic principles, objectives and assumptions underpinning the Program, for viability, practicality and sustainability. The economist will analyse selected activity completion reports to ascertain to what extent they meet the objectives of both the relevant activity and the Program more broadly; and test the robustness of conclusions and recommendations of the reports and their value when developing targeted future activities under the Program

5.6 The M&E consultant will ensure that the findings and recommendation of the team are evidence based and that the analysis and presentation of that evidence is clearly presented in the final report. The M&E consultant will also cover the capacity building/institutional change management aspects of the Program. The consultant will have extensive experience in governance, analysis of systems and facilities for administration, preferably in the context of a large international development organisation.

## ASEC representative(s)

5.8 It is highly desirable that the ASEC representative(s) should be an experienced officer(s) who can contribute to one or more of the areas of specialisation for the IPR. Ideally a staff member(s) working in the economics area and/or in external relations and/or in human resource management would be best placed to participate fully.

5.9 The ASEC representative(s) is/are expected to contribute substantially to the evidence base and analysis undertaken by the team. They may contribute directly to some areas of the IPR and will be consulted fully in the preparation and drafting of the report.

## AusAID representative

5.10 The role of the AusAID representative is to provide AusAID's perspective and information about AusAID to the IPR. The representative will have an understanding of economics and experience in partnership arrangements. He/she will also play a critical role assisting the team regarding advice on AusAID's policies and business processes, as well as development effectiveness and international best practice approaches.

## 6. Reporting requirements

6.1 A suggested draft report format will be agreed before the team departs for Jakarta. The IPR team will provide:

- **5 March: Evaluation Plan / Draft Methodology**—for approval prior to the in-country mission. This plan will outline the scope and methodology of the evaluation
- **16 April: Independent Progress Report Aide Memoire**—to be presented to ASEAN, ASEC and AusAID representatives at the stakeholder workshop on completion of the in-country

mission. The format for the Aide Memoire will follow AusAID's template (to be provided) and will be no more than three pages. The document will also be provided to AusAID Canberra and comments sought

- **30 April: Draft Independent Progress Report**—to be provided to AusAID Canberra
- **21 May: Revised Draft Independent Progress Report**—incorporating stakeholder comments
- **22 May–8 June: Peer Review**: the Team Leader (and possibly team members) will participate in the peer review and provide verbal clarification and input as required
- **15 June: Final Independent Progress Report**—final document, incorporating agreed outcomes from the peer review. The report will be no more than 20 pages (plus annexes and a two-page executive summary). Lessons learned, recommendations and ratings should be clearly documented in the report
- **Summary for publication**—in consultation with AusAID Canberra, produce a two-page summary document for publication on the website, highlighting the most important aspects of the final report.

## 7. Key references

7.1 The following is a list of key documents and is not intended to be exhaustive:

- AADCP II design document
- Rolling Prioritisation Plans
- Quality at Implementation reports,
- Joint Planning and Review Committee summary records
- Monitoring and Evaluation Framework
- AADCP II Annual Partnership, Case Study and Performance Reviews
- Available AADCP II end-of-project reports and other relevant project progress reports
- AADCP II Cooperation Arrangement
- Memorandum of Understanding between the Government of Australia and the Association of Southeast Asian Nations on the Second Phase of the ASEAN – Australia Development Cooperation Program (AADCP II).

## 8. Learning and dissemination

The final IPR will be agreed and shared with ASEAN and ASEC. The recommendations will be considered in AusAID and a position agreed. The recommendations will then be discussed with ASEAN and ASEC and a joint management response agreed. The IPR will also be shared with relevant areas of AusAID and a redacted agreed version placed on the AusAID website.

## **Attachment 1: Proposed questions for an independent progress report**

### **Relevance**

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

### **Effectiveness**

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

### **Efficiency**

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

### **Impact (if feasible)**

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

### **Sustainability**

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

### **Gender equality**

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

### **Sub-questions**

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

### **Monitoring and evaluation**

- Does evidence exist to show that objectives are on track to being achieved?
- Is the M&E system collecting the right information to allow judgement to be made about meeting objectives and sustainability at the next evaluation point?
- Is data gender-disaggregated to measure the outcomes of the activity on men, women, boys and girls?
- Is the M&E system collecting useful information on crosscutting issues?

### **Analysis and learning**

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

### **Lessons**

**What lessons from the activity can be applied to: further implementation, applying thematic practices, i.e. working in partner systems, to the rest of the program, or to designing future activities.**

## Annex 3: AADCP II IPR approach

### AADCP IPR approach

#### Introduction

AusAID has commissioned preparation of an *Independent Progress Report* of Phase Two of the ASEAN – Australia Development Cooperation Program (AADCP II). The Program, which became fully operational in July 2009, is contributing to ASEAN's regional economic integration goals and achievement of an ASEAN Economic Community (AEC) by 2015.

The objectives of the IPR are to:

1. assess the performance of AADCP II against the DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability; and the AusAID criteria of monitoring and evaluation and gender equality. In assessing overall effectiveness in relation to its stated goals and objectives, the *Independent Progress Report* will take into account changes that have been implemented since the original design to make the Program more practical and workable, (as documented in the second annual review)
2. assess AADCP II's success in addressing other key performance concerns, including adequately promoting gender equality, establishing and operationalising a robust monitoring and evaluation system, and undertaking ongoing analysis of the operation of the program, drawing out major lessons learned and taking remedial action to ensure continuous improvement
3. define the main issues affecting AADCP II's performance and propose solutions, for example assessing the effectiveness of the partnership delivery mechanism; and ASEC processes and capacity limitations. Particular attention should be paid to identifying lessons learned and practices to draw on for designing future programs of ASEAN – Australia development cooperation
4. assess future budgetary requirements and options for the use of funds for the remainder of the program, including an extension of time
5. review the accountability and governance arrangements for the program, including the frequency and membership of the Joint Planning and Review Committee meetings
6. address any other issues that the IPR team considers necessary for the successful completion of the IPR
7. make recommendations for the future directions of AADCP II in relation to available budget and resources to promote improvements in effectiveness and efficiency.

#### Key issues

The terms of reference for the review identify a range of issues to be addressed. These go beyond assessing the performance of AADCP II program against Development Assistance Committee and AusAID evaluation criteria to proposing solutions to previously identified problems with program performance, and ways of dealing with the complex institutional environment within which the program operates. The evaluation process will help clarify the nature of problems and their causes, but the team will need to draw on a fuller analysis to identify feasible solutions that take account of the rather fluid institutional circumstances within ASEC and the challenges associated with the ambitious nature of ASEAN's regional integration goals. It is clear that some of the expectations on which the original design were predicated, particularly those concerning the role and functions of ASEC, have not materialised. This has required the program to adopt a pragmatic and flexible approach: but it also poses the question as to whether some recasting of elements of the program is desirable.

A particular challenge is that, as recognised in a number of the reports prepared for the program, and in the recent *Quality at Implementation Report*, the program's M&E framework has yet to be finalised. This reflects in part the difficulty in specifying measurable objectives, which has led to the team being asked to propose possible changes to these objectives and the logic of the program's change model. This rather complicates the assessment evaluation process, and the team will discuss ways of addressing the problem during consultations with AusAID staff.

Another challenge is that, given the nature of the program, it will be very difficult to identify impacts, let alone conduct attribution or even contribution analysis. The causal links between implementation of the elements of the ASEAN Economic Community and regional growth and poverty reduction are themselves attenuated and complex: the links to development from the activities of ASEC and of AADCP II are even more so.

The program is acknowledged to have had a slow start, and has been effectively operational for less than three years. Further, a range of changes have been made to key processes and structures, partly in response to perceived problems, and also as a consequence of implementation of a new charter for ASEAN with important implications for ASEC. This complicates assessment of actual achievements, and the evaluation may have to rely on consultations to assess how much difference changes have made. The team will prepare a matrix of changes to confirm its understanding of what has altered, and to provide a basis for assessing how changes have affected the operation of the program. A consequence of the slow start is that expenditures are running slowly, and there is a concern that the full allocation may not be used in the seven years of the program: the team will consider the nature of this issue and options for addressing it.

The team has developed a set of questions to be pursued in the evaluation, drawing on the suggestions in the terms of reference. Annex A presents a draft of these questions. This list will be refined as the team completes its review of key documents and its briefings with AusAID.

## **Approach**

The evaluation will draw primarily on a review of documentation about and produced by the program, and structured interviews/consultations with key stakeholders and informants.

## **Document review**

The team has been provided with a set of documents related to the design and operation of the program including the original design, Annual Review reports, Rolling Prioritisation plans, records of Joint Planning and Review Committee meetings, and proposals for monitoring and evaluation. It also has copies of AusAID strategy documents relevant to engagement in the region, and final reports from selected studies conducted under Component 2a of the program. Table B.1 in Annex B lists the documents currently identified for review.

## **Consultations**

There are a large number of stakeholders of AADCP II. These include:

- ASEAN Secretariat management and desk officers, Working Groups and Sectoral Bodies, senior officials, governments of ASEAN member states and regional focal points within these states
- Participants in AADCP II activities, including participants in capacity building and research activities, and national agencies using program outputs
- AusAID management and desk officers, and other Australian government agencies such as the Department of Foreign Affairs and Trade
- Contractors and partners, Australian and international, responsible for the implementation of project and research activities.

Given the time available for the evaluation, and also in light of the circumstances of the program, comprehensive consultation with *all* stakeholders (particularly those in AMS) will not be undertaken. However, the team will consult with key players in ASEC involved in the management of the program and in the development and management/implementation of program activities. Consultations to be undertaken in Jakarta over the period 9–16 April will include senior ASEC management involved with



AADCP II, ASEAN Working Group and Sectoral Body representatives, Members of the Committee of Permanent Representatives to ASEAN, as well as members of the PMT and the Program Planning and Management Support Unit. The team will also consult with other development partners providing support to ASEAN and ASEC.

The team will also conduct consultations with Australia-based stakeholders in the lead up to the visit to ASEC. These consultations will include staff of the East Asia Regional Section, AusAID, former program staff of AADCP II, staff of the Department of Foreign Affairs and Trade and consultants involved in the design of the program, its M&E framework and in the implementation of selected activities.

The review will employ a structured approach to interviews, and to compiling key findings from consultations (see Annex C). While interviews will be constructed around pre-identified topics, interviewees will be asked to identify and talk to issues that they themselves think are important. Table C.1 in the annex presents a preliminary list of stakeholders proposed for consultation during the review.

Table 1 below provides examples of the issues that will be explored with the various categories of informants and stakeholders. All stakeholders with reasonable knowledge of the program will be asked to nominate what they think are the most important achievements of AADCP II, and what they see as the main constraints to greater effectiveness or opportunities for enhancing effectiveness.

**Table.1 Stakeholders and key issues to be explored in consultation**

<b>Stakeholder/informant</b>	<b>Key issues</b>
DFAT officials	National interest associated with support to ASEAN regional integration and support to ASEC; AMS commitment to integration, feasibility of achieving AEC goals; whole of government perception of AADCP II, synergies with AANZFTA Economic Cooperation program
AADCP activity contractors	Perception of contracting procedures, quality of activity TORs, support provided by AADCP and ASEC in implementation of activities, AADCP/ASEC quality control and feedback mechanisms, engagement with national agencies,
PMT members	Expected outcomes from program; nature/quality of partnership model; key constraints; responses made to ASEC capabilities and changing circumstances and expected impact on effectiveness; efficiency and sustainability, coordination, interaction with other partner programs, effectiveness of PMT model, quality of governance structure and processes.  Highest priority areas to be targeted in the ASEC institutional strengthening/AEC agendas. Evidence that changes promoted by AADCP I and II have been maintained or replicated within ASEC and ASEAN.  AADCP and learning: how program learns and acts on lessons. Prospects for greater harmonisation among donor partners. Focus on Cambodia, Laos, Myanmar and Vietnam and bridging the development divide.
PPMSU members, including funded positions	<b>Expenditure trajectory</b>  Overall perceptions of program systems and their efficiency, relevance to ASEC, ASEC capacities and implications for the program, M&E system performance. AADCP and learning: how program learns and acts on lessons

**Table.2 Stakeholders and key issues to be explored in consultation (continued)**

<b>Stakeholder/informant</b>	<b>Key issues</b>
Australian country coordinator: current and prospective	Effectiveness of governance structures and processes, relevance of AADCP components to ASEAN agenda and AEC, prospects for greater harmonisation among donor partners, future challenges for ASEC and ASEAN that program may have to address, highest priority areas to be targeted in the ASEC institutional strengthening/AEC agendas
CPR members	Highest priority areas to be targeted in the ASEC institutional strengthening/AEC agendas. Relevance of program, quality of governance arrangements, perceptions of partnership model, prospects for harmonisation of donor support, focus on Cambodia, Laos, Myanmar and Vietnam
Other JPRC members	Highest priority areas to be targeted in the ASEC institutional strengthening/AEC agendas. Relevance of program, quality of governance arrangements, perceptions of partnership model, prospects for harmonisation of donor support
Working group/sectoral body representatives	Relevance of program components to working group and sectoral body agendas, responsiveness of RPP process to working group and sectoral body priorities, perceptions of partnership, quality of work carried out by contractors, information on how outputs are used, by bodies and national agencies, evidence of sustainability of changes promoted by program activities, priorities for ASEC institutional strengthening
ASEC project officers	AADCP activity design processes, quality of PPMSU support
Dialogue/implementation partners	Donor coordination, perceptions of ASEC as a partner, perceptions of the ASEAN integration agenda, organisational development priorities for ASEC, perceptions of sustainability of support to ASEC and ASEAN
AANZFTA ECSPSU	Linkages with AADCP program, avoiding overlap and achieving synergies
AusAID Post	Relations with ASEC, overall perceptions of effectiveness of ASEC and AMS intentions with regard to ASEC structure and role, donor coordination, focus on Cambodia, Laos, Myanmar and Vietnam.

## Work plan

Table 2 presents the work plan and timetable for the review. Note that this draft plan will be revised in the light of the team's observations from reading key documents and interaction with AusAID staff in Canberra.

**Table.3 Work plan and timetable for review**

<b>Task</b>	<b>Indicative timing</b>	<b>Location</b>	<b>Output</b>
Evaluation plan	1–5 March (draft)	Australia	Draft evaluation methodology and Plan submitted to AusAID by 5 March  Methodology to be finalised after team briefing, by 30 March
Preparation and desk review	26–30 March	Australia	Including team briefing on 26 March in AusAID, Canberra.  Draft outline for the <i>Independent Progress Report</i>
<i>Independent Progress Report</i> meetings	9–16 April	Jakarta	Discussions with relevant personnel, collect relevant data, prepare the aide-mémoire for presentation at stakeholder workshop on 16 April
Stakeholder workshop	16 April	Jakarta	Discussion of preliminary findings and issues with stakeholders
Draft report preparation	17–30 April	Australia	Draft report as per the AusAID template by 30 April including a presentation to AusAID Canberra on 18 April
Stakeholder comments	1–14 May	Australia	Comments to team leader by 14 May
Revise draft report	14–21 May	Australia	Revised draft report to AusAID by 21 May
Independent peer review	22 May–8 June	Australia	Peer reviewers' comments from AusAID to Team Leader by 8 June
Finalisation of report	8–15 June	Australia	Final <i>Independent Progress Report</i> to AusAID by 15 June

## Key review issues/questions

### Relevance

- Are the objectives relevant to Australian Government and ASEAN and ASEC priorities? Are the objectives measurable?
  - If not, what changes should have been made to the activity or its objectives to ensure continued relevance?
- Did the design take adequate account of the institutional capabilities of ASEC, and the feasibility of achieving AEC goals in the proposed time frame?
- Was the partnership model proposed appropriate to the nature of ASEC and the challenges likely to be faced in implementing the ASEAN Charter?
- Did the design take full account of lessons learned from AADCP I, and was adequate account taken of other programs supporting ASEAN and ASEC, and of national level programs to support integration and implementation of AEC commitments?
- Has adequate attention been given to the specific needs and capacity constraints of Cambodia, Laos, Myanmar and Vietnam?
- What is the highest priority or most relevant things to be focused on within this potentially broad and long-term agenda requiring possibly billions of dollars? For AEC is this priority setting

possible at an overall AEC level or is it more manageable at the individual sectoral working group/committee?

## **Effectiveness**

- What are the objectives? What is the definition of success against broad objectives? Is this definition realistic? Is it clear what we both want out of the partnership, i.e., how we define success? What is the evidence to date? Are we achieving satisfactory progress against the original expectations and now against some more recent review of expectations? If the definition of adequacy of progress is unclear what are our suggestions? What factors are hindering effectiveness? What are the opportunities for improving effectiveness?
  - Given the difficulty of measuring achievement of objectives, what has been the achievement of intermediate outcomes, and what is their likely contribution to overall objectives?
  - Have there been assessments of progress towards implementation of AEC, and what might they imply for the contribution of the program?
- To what extent has the activity contributed to achievement of objectives?
  - In particular, what evidence is there that program outputs (from component 2) are being used by ASEAN bodies and member states in the pursuit of AEC objectives
  - What evidence is there that the capacity of ASEC has been improved? How is that being tested and measured?
  - What contribution is the funding of positions under component 3 making to the performance of ASEC?

## **Efficiency**

- Has the implementation of the activity made effective use of time and resources to achieve the outcomes?
- Is there adequate/appropriate funding for all components? Is the program on track with respect to the rate of expenditure?
- Have there been any financial variations to the activity? If so, was value for money considered in making these amendments?
- Has management of the activity been responsive to changing needs? If not, why not? Have responses been adequately documented and reflected in changing processes and procedures?
- Has the activity suffered from delays in implementation? If so, why and what was done about it? How successful have the measures put in place to overcome delays been? To what extent do delays reflect unrealistic expectations in the design?
- Has the activity had sufficient and appropriate staffing resources? In particular, has the program allocated sufficient resource to policy dialogue and follow through on program outputs?
- Is the overall delivery model with four components efficient, and do management arrangements provide for sufficient interaction/synergies between components?
- Are remuneration structures appropriate to attract quality staff for program management and under component 3?
- Does the program offer the most effective way of supporting implementation of AEC initiatives, compared to national level capacity building and support?
- Is a risk management approach being applied to management of the activity (including anti-corruption)?
- What are the risks to achievement of objectives? Have the risks been managed appropriately?
- Are the governance arrangements working well? Are key issues (no matter how problematic) being placed on the agenda or raised during the course of meetings? Does the JPRC focus on strategic issues, what is the quality of its review functions, how effective is reporting to the JPRC?
- Are the M&E arrangements being implemented? What are potential case studies (phase 1 REPSF work)?

## **Impact (if feasible)**

- Is it possible to identify impacts and AADCP II contribution?
  - If not, does the program logic offer a plausible link between program activities and potential development impacts?
  - Impact depends on national level uptake/adoption of AEC commitments: is this being assessed, and if so, what does the assessment tell us? Is there adequate national level support for uptake?
  - Has the activity produced intended or unintended changes in the lives of beneficiaries and their environment, directly or indirectly?
  - Have there been positive or negative impacts from external factors?

## **Sustainability**

- What definition of sustainability is being or should be used for the program? (Sustainability might be demonstrated by: evidence that new or improved systems are operated by ASEC, evidence of Working Group ownership is only a preliminary positive step, evidence of subsequent uptake and implementation of findings of 'research' work, evidence of training materials influencing national or organisation training curriculums, and evidence of replication of models/pilots.)
- Do beneficiaries and/or partner country stakeholders have sufficient ownership, capacity and resources to maintain the activity outcomes after Australian Government funding has ceased?
  - In particular, what is the likelihood of continued funding of 'gap-filling' positions currently supported by the program
  - Given ASEC's human resource and recruitment policies and associated turnover, how durable are program outcomes with respect to capacity building? What has been done to ensure continuation of capacity development initiatives?
  - Are there any actions that can be taken now that will increase the likelihood that the activity will be sustainable? Are there any areas of the activity that are clearly not sustainable? What actions should be taken to address this?

## **Gender equality**

- To what extent have gender issues been considered and incorporated into the activity?
  - Is the activity promoting equal participation and benefits for women and men?
  - Is the activity promoting more equal access by women and men to the benefits of the activity, and more broadly to resources, services and skills?
  - Is the activity promoting equality of decision making between women and men?
  - Is the initiative helping to promote women's rights?
  - Is the initiative helping to develop capacity (donors, partner government, civil society) to understand and promote gender equality?

## **Other crosscutting policy issues**

- We have a potentially great aid effectiveness principles story, but how well is it being told? What is happening with donor harmonisation (for both ASEC institutional strengthening) in this environment and is it realistic? Do we or should we have a focus on Cambodia, Laos, Myanmar and Vietnam (the less developed nations of ASEAN; true to the essence of the aid mandate)? What is happening to promote an Australian profile (communications strategy) and national interest? What are the arrangements for managing fiduciary risk? Can we assume other crosscutting issues are not relevant for example, disability, environment, child protection?

## **Monitoring and evaluation**

- Is the program evaluable? Have program objectives been successfully refined to enable evaluation?

- Are M&E systems being developed to cover all aspects of the program, including M&E of the AEC, program management M&E, and M&E of the components
- If objectives are to be revised, what kind of evidence is needed to assess if they are on track to being achieved and that the program is sustainable?
- Is data disaggregated along relevant key dimensions (e.g. gender, staff position, sector)?
- Is the M&E system collecting useful information on crosscutting issues?

### **Analysis and learning**

- How well was the design based on previous learning and analysis? In particular, lessons from AADCP I and the programs of other ASEAN partners?
- How well is learning from implementation and previous reviews (self-assessment and independent) integrated into the activity?

### **Lessons**

- What lessons from the activity can be applied to: further implementation, applying thematic practices, such as working in partner systems, to the rest of the program, or to designing future activities?

### **Other performance concerns**

- Partnership or relationship strengthening expectations and views of progress from ASEC, Country Coordinator/CPR, AusAID and Department of Foreign Affairs and Trade.
- Benefits/strengths and imposts/weaknesses of the current partnership model from ASEC and AusAID perspectives.

### **Factors bearing on recommendations for going forward**

- Do we have ASEAN support for strengthening ASEC? Does the program's support to reforms in human resources, finance and project management represent a reasonable institutional strengthening agenda?
- Where should we be focused on within the broad AEC agenda? What aspects are high priorities for ASEAN? What aspects have questionable broad ASEAN support? Which aspects intersect most strongly with Australia's national interest?
- Do we have an expenditure problem due to inappropriate program components and financial balance, or inadequate ASEAN/ASEC support, or largely unrealistic expectations about the implementation rate? Can we merely extend the period? Do we need to modify the emphasis?
- What are the options/activities that can be brought forward or increased and do we still need an extension of time? Presumably AEC projects could be given increased emphasis?
- What case studies could be developed to illustrate how the program is performing?

## B. Documents to be reviewed

Table B.1 lists the documents to be reviewed for the evaluation.

**Table B.1 Documents for review**

<b>Program/topic/ component</b>	<b>Documents</b>
AADCP II design and management material	<p>Final AADCP II Program Design Framework 2008</p> <p>Signed MOU 23–07–09</p> <p>Final Cooperation Arrangement</p> <p>Rolling Prioritisation Plan, 2009–10, Midyear Review</p> <p>Rolling Prioritisation Plan, 2010–11</p> <p>Rolling Prioritisation Plan, 2010–11, Midyear Review,</p> <p>Rolling Prioritisation Plan, 2011–12, Midyear Review,</p> <p>Summary Records of Joint Planning and Review Committee meetings, 1 to 5</p>
AADCP II M&E	<p>AADCP II Final Draft Outline M &amp;E Arrangements</p> <p>Annual Review Reports (2011 and 2012)</p> <p>Case Study Report Final</p> <p>Partnership Snapshot Report</p> <p>End project Reviews reports;</p> <ul style="list-style-type: none"> <li>▪ Development of CCI Work Program</li> <li>▪ Enhancing Implementation of ASEAN Agreements</li> <li>▪ Services Diagnostics and Needs Assessment</li> <li>▪ Free Flow of Skilled Labour</li> <li>▪ Scoping Study for Capacity Building in Consumer Protection</li> </ul>
AADCP final reports	<p>Development of CCI Work Program 2011–15</p> <p>Enhancing Implementation of ASEAN Agreements</p> <p>Free Flow of Skilled Labour</p> <p>Logistic Scoping Studies</p> <p>Services Design Exercise</p> <p>Consumer protection regional and subgroup reports</p>
AECSP	<p>Background material on AANZFTA Economic Cooperation Support Program, including annual budgets, description of activities, M&amp;E framework and 2011 draft QAI report</p>
AusAID management and strategic issues	<p>Australia's aid strategy for East Asia regional organisations and programs 2011–15</p> <p>Annual Program Performance report, East Asia regional organisations and programs 2010</p> <p>QAI reports for AADCP II, 2009, 2010, 2011 and 2012</p> <p>AADCP II IPR Terms of Reference January 2010</p>
Other	<p>Regional economic integration in East Asia—a bibliography of selected papers and synopses</p>

## Consultation interviews and peer group discussions

Table C.1 lists the people with whom the team proposes to consult during the review.

The interviews and/or peer group discussions will be semi-structured using a combination of 'SWOT' and 'Qualitative Compilation Table' approaches.

Given the range of considerations to be addressed by this review, the SWOT (strength, weaknesses, opportunity and threat) framework is adopted as a simple, but robust means of structuring information gathering. The SWOT framework ensures that any issues or observations raised by respondents are tested for relevance to program progress or performance.<sup>7</sup> SWOT is also an efficient means of identifying the key issues as perceived by respondents compared to necessarily more prescriptive and comprehensive design-focused questioning.

In recognition that a significant percentage of the information available to the reviewers would be derived from interviews or focus group discussions (and therefore largely qualitative), the SWOT approach will be combined with the basic structure of a Qualitative Compilation Table (QCT, see Table C.2). This compilation-table approach is based on the collection of pertinent structural data with a consistent set of related dependent information. In practice, this means firstly allowing respondents to raise any SWOT issues (the 'structural' data) that 'they think are important' in relation to the program: either in an (initial) unprompted part of an interview or in relation to a set of predetermined prompt topics.

These prompt topics will be introduced after respondents have been given the opportunity to raise 'any key issues they thought it important for the reviewers to hear'. Prompt topics will also be used selectively to ensure that only relevant topics are raised with each respondent. The set of prompt topics will almost certainly grow during the course of the consultation the life of the mission, as new key issues are brought to the attention of the team.

<sup>7</sup> No matter how forcibly presented, any information provided that does not easily fall into one or more of the SWOT categories is likely to be irrelevant.



**Table C.1 Proposed consultations**

<b>Location</b>	<b>Person(s)</b>
<b>Canberra</b>	Rebecca Lannin (former AADCP II Program Director) Mike Crooke (M&E expert) AusAID: Chris Elstoft , Assistant Director General, Mekong, Philippines, Burma and Regional Branch Susan Wilson, Director, East Asia Regional Section Lisa Spender, ASEAN Program Manager, Phil Hollins, ASEAN Program Officer Stephanie Aeuckens, Department of Foreign Affairs and Trade: Mike Freeman (contractor during transition from Phase I to Phase II) Consultants involved in conduct of selected AADCP components 2 studies and activities
<b>Jakarta</b>	Pushpanathan Sundram, DSG AEC, ASEC Bagas Hapsoro. DSG Corporate Affairs, ASEC Jenny Lala, AADCP II Program Director AADCP II Project Management Team AADCP II Team including Irene Wijaya, M&E Officer ASEC Project Officers (involved in AADCP II) Lim Chze Cheen (PMT member) PR Lim Thuan Kuan, Singapore Country Coordinator,, Winston Goh, 1 <sup>st</sup> Secretary, Singapore Selected members of the Committee of Permanent Representatives to ASEAN (CPR) CPR Sub-Committee on Development Cooperation ASEAN Working Group/Sectoral Bodies Reps Director, ASEAN Integration Monitoring Office ASEC beneficiaries of AADCP II training ASEAN Economic Cooperation Support Program Support Unit: Dorothea Lazaro, Program Coordinator ,Susanna Manurung, Trade Officer Dialogue Partners' Implementers US, Germany, EU, Japan, NZ etc. Peter van Diermen, Economist (involved in AADCP II Design) Pat Duggan, Counsellor Regional AusAID

**Table C.1 Consultation information record sheet**

<b>Ref no.</b>										
<b>Name &amp;</b>										
<b>Position:</b>										
<b>Location:</b>										
<b>Date:</b>										
<b>Sex:</b>										
<b>Type:</b>										
<b>Doc ref.</b>										
	(Prompt Categories)									
	<b>Issue (separate along SWOT lines)</b>	<b>SWOT</b>	<b>Prompt?</b>	<b>Cat.1</b>	<b>Cat. 2</b>	<b>Cat.3</b>	<b>Effect of issue on project</b>	<b>Key players/roles</b>	<b>How resolved? /suggested actions?</b>	<b>Our comments (reminders/flags)</b>
1										
2										
3										
4										
5										
6										
7										
8										

It is recognised that these prompts are not mutually exclusive, and hence each is only applied when a respondent has not already covered an issue category in either the unprompted section of the interview or under other prompt topics.

Once an issue is raised, the collection of 'dependent' information means asking a consistent set of questions about that issue. The set of consistent follow-up questions to be applied to each SWOT issue will include the following.

- How did this issue affect the program?
- Who were the main players in relation to the issue?
- What is the suggested solution to the issue? (Or if it has already been resolved, how was it resolved?)

Notes are written up (post-interview) in an Excel format (see Table C.2.) and at the end of the suite of interviews these sheets will be compiled in record format in a master spreadsheet to facilitate structured data analysis.

## Annex 4: List of persons consulted

Person	Location
SO Eddy Krismeidi, Infrastructure Division	ASEC
Winston Goh	Singapore
Achmad Mochtan, Japan ASEAN Facility	ASEC
Dorothea C. Lazaro, Susanna Manurung, Kunto F. Suseno, ASEAN Economic Cooperation Support Program Support Unit	ASEC
ADR Glenda. Reyes & SO Tan Tai Hiong, Services & Investment Division	ASEC
Stefan Hell, READI, EU	ASEC
ADR Rony Soerakoesoemah, IAI & NDG Division	ASEC
DSG Bagas Hapsoro (Community & Corporate Affairs Dept.), ADR Retno Utaira (Finance & Budget Div.), ADR Rosliza Rahman (Human Resources Div.), ADR Henry Gultom (Admin Div.)	ASEC
Jörg, GIZ (Germany)	ASEC
Darrel Freund, PDP Australia Pty. Ltd. (AADCP II funded project "Strengthening the ASEAN Secretariat Project Management Framework Phase I")	ASEC
ADR Lee Chen Chen, SO Gayatri Probosasi, TO Kathlia Martokusumo, SPCD	ASEC
ADR Lim Chze Cheen (former PMT member)	ASEC
Michael Bliss, Minister Counsellor (Political / Economic), DFAT	Australian Embassy
Rimta Silangit, Worldbank	ASEC
AADCP II Team: PPMSU + Khin Maung Nyunt (Senior Economist), Sendy Hermawati (Legal Services & Agreement Div), Finna Kemala (Budget & Finance Div.)	ASEC
H.E. Amb. Kan Pharidh, Permanent Representative of the Kingdom of Cambodia to ASEAN	Cambodian Embassy
Irene Wijaya, AADCP II M&E Officer	ASEC
Jenny Lala, AADCP II Program Director	ASEC
Noordin Azhari, Deputy Chief of Party, ASEAN-US Technical Assistance & Training Facility	ASEC
DSG of AEC H.E. Lim Hong Hin	ASEC
H.E. Dr. Wilfrido V. Villacorta Permanent Representative of the Philippines to ASEAN	The Philippines Embassy
DIR Aladdin D. Rillo, ASEAN Integration Monitoring Office (AIMO)	ASEC
SO Pouchamarn Wongsanga and TO Sri D. Kusumawardhani, Agriculture Industries & Natural Resources Division	ASEC

<b>Person</b>	<b>Location</b>
ADR Thitapha Wattanapruttipaisan and TO Hasduna Putri Adamy, Competition Consumer Protection & IPR Division	ASEC
DIR Somsak Pipoppinyo, Director for Finance Industry & Infrastructure Directorate and PMT member	ASEC
Lunch Meeting with H.E. Amb. Lim Thuan Kuan, Permanent Representative of Singapore to ASEAN and Winston Goh, First Secretary	KOI Mahakam Restaurant,
Pak Iman Pambagyo, Director General for International Trade Cooperation, Ministry of Trade of Indonesia — SEOM based in Indonesia	Ministry of Trade
Peter Van Diermen, Adviser, Office of Vice President	Jakarta
Stephanie Aeuckens	DFAT, Canberra
Mike Crooke	AADCP II M&E adviser, Canberra
Chris Elstoft , Assistant Director General, Mekong, Philippines, Burma and Regional Branch	AusAID, Canberra
Lisa Spender, A/g Director, East Asia Regional Section	AusAID, Canberra
Phil Hollins East Asia Regional Section	AusAID, Canberra
Rebecca Lannin (former AADCP II Program Director)	AusAID, Canberra
Malcolm Bosworth	ANU Enterprise, Canberra, contractor
Lee Davis	CIE, Sydney, contractor

## Annex 5. Operationalising AADCP II monitoring, evaluation and learning arrangements at outcome level

### Part 1. Ground rules

#### Recognising constraints

AADCP II already has detailed and effective M&E systems addressing the output level,<sup>8</sup> and neither the program nor the ASEC staff it works through has extensive slack capacity to extend these arrangements to better capture outcome-level results. Hence, any attempt at operationalising at the outcome -level will need to be modest in scope and associated workloads, or will need to include substantial supplementation of existing both program and ASEC resources.

It is therefore very important to recognise what the M&E framework for AADCP II cannot realistically become. First and foremost, program M&E cannot and should not fulfil the function of a 'comprehensive research institute' in regard to exploring the various micro and macro indicators related to achievement of the AEC. ASEC currently has only limited capacity in this area, so if the program M&E were to develop such in-depth research capacity while it remained limited in ASEC, it would indicate a failure of the program in respect of its partnership obligations. The best the program can do in regard to making such comprehensive information available is to strengthen ASEAN capacity to conduct the appropriate high-level research and monitoring efforts (as is already happening through AADCP II support to AIMO and other specific research proposals).

Given the implications of the partnership approach, and a recognition that Australia is not a member State of ASEAN, what the program's M&E system can perhaps realistically measure as an outcome is '*how and to what extent ASEC/ASEAN applies AEC-related measures using AADCP II assistance?*' Even within this boundary, outcome measurement will not be easy. However, it will be substantially facilitated by:

- a simple breakdown of the functions by which an institution such as ASEC/ASEAN can progress AEC-related goals
- modest targeted research and review into existing and past areas of partnership (including streams, focus areas and projects).

#### Monitoring and evaluation implications of working within a partnership

When working in a partnership approach with a partner that has significant constraints, there are two options for M&E. AusAID could decide to simply 'run ahead' of its partner and attempt to impose an M&E system of a rigour and sophistication matching its normally required standard. Alternatively, it could make short-term compromises in rigour in sophistication for the purposes of introducing a staged approach to development of the M&E framework that would better facilitate partner participation in this framework.

The first option is clearly at odds with both the spirit of the intended partnership and the objective of strengthening ASEC/ASEAN. While there is a natural tendency for any donor agency to stick with its habitual standards, it must be recognised that all sincere partnerships are underlain by compromise on both sides.

In the case of the AusAID–ASEC partnership, the need for a staged approach to development of an M&E framework mainly pertains to the collection of outcome-level information and both

<sup>8</sup> This system is made up of the criteria, principles, reporting requirements and information collected through AADCP II process documents, including: *AADCP II Working With Us Guidance; Guidelines on Project Proposal Development and Approval; Project Proposal Template; Project Concept Note Quality Checklist; Project Proposal Quality Check List; Project Terms of Reference Template; Tender Panel Report Template; Technical Assessment Panel Rating Sheet; Project Output and Report Feedback Form; Dissemination Of Output/Report Agreement Form; Dissemination Of Output/Report Agreement Form; Inception Report Feedback Form; Guidelines for Contractors* (includes monitoring and evaluation requirements); *End of Project Review Template*.

partners' ability to capture and use learning from past projects. Both AusAID and ASEC appear comfortable with, and fully capable of operationalising output-level M&E; as the strong systems already put in place by AADCP II demonstrate. On the other hand, both the program and ASEC have struggled with the implementation of systems capturing and utilising outcome information. On the program side, this is largely due to uncertainty regarding how more practical lower level objectives might be made more explicit. On the ASEC–ASEAN side, the issue has been more about difficulties in fostering a sincere demand for the products of this intermediate level of outcome information<sup>9</sup> and severe workload constraints of staff.

The definition of more measurable and relevant objectives is covered later in this document. It is not considered to be an insurmountable problem, even in the short term. 'Bringing ASEC along' in the development of an outcome-level M&E remains the primary, but very valid reason, for adopting a staged approach. For this reason, many of the instruments suggested in this document are very cursory, and are intentionally designed to merely 'kick off' ASEC incorporation into outcome-level M&E in a manner that does not create counter-productive conflict between the partners; either through promoting systems that would currently be regarded by ASEC as 'overkill based on the whims of a donor', or by demanding greater workload commitments from ASEAN staff than can be comfortably accommodated. It is recognised that these initial instruments may be seen as 'of AusAID's usual standard', but the intention is that improvements be made over time as both appreciation of the usefulness of such outcome-level systems improves demand within ASEC for more detailed information and expansion or prioritisation of workload capacity is correspondingly adjusted.

## **Part 2. Operationalising a 'categories of effect' approach to outcome-level monitoring and evaluation**

As a number of earlier AADCP II reports have established, any outcome-level M&E system that is eventually put into operation for the program must take into account the unconventional environment in which the program is operating.<sup>10</sup> As this past work has indicated, a M&E framework wishing to work in such an environment needs to avoid the use of a standard, fixed set of highly specific outcome indicators. One alternative that allows for the unpredictability of precise outcomes is to simply define a set of broader 'categories of effect' we wish to have. Any outcome that falls within these categories may then be considered to be a successful outcome for an activity.

This approach is particularly suited to a partnership-based, institutional strengthening program such as AADCP, because it not only allows for responses to unforeseen implementation challenges to be partner-driven, but also enables unforeseen opportunities arising during activity implementation to be pursued and credited.

### **Monitoring aspects**

Four steps are suggested for operationalising the outcome-level component of the M&E framework for AADCP II. To ensure additional complication and workloads are minimised, these steps have all been based on refinement of existing program systems, as far as possible.

Step 1. Define the 'desired categories of effect' that AADCP should target

The program's objectives are the appropriate starting point for this definition. However, as the numerous iterations of 'refinement' of the original objectives in past reports reveal, while the objectives as originally stated in the design document give fairly clear guidance about the intent of the program, they need to be unpacked into more specific and bounded desired results, if they are to form a useful basis for practical outcome-level monitoring and evaluation. Given their broad and inclusive scope, there is no need to formally amend these objectives, but it is helpful to unpack them in a form that more explicitly recognises the means

<sup>9</sup> It is recognised that there does exist a clear demand for more comprehensive, higher-level statistics and comparisons, as is now being addressed by the work of AIMO.

<sup>10</sup> Including the 'emergent', 'relational' and 'non-linear' factors determining success (see Annex 4 of AADCP II Annual Review Report, January 2012).

through which change can be achieved and recognised. As already mentioned, number of options for refinement of these objectives have been mooted in past program documentation. In applying a 'desired categories of effects'<sup>11</sup> approach, this may be taken one step further. For example, the first three objectives of the program can be restated as the 'desired outcome' of:

*A strengthened Australia-ASEAN Partnership, ASEC, and broader ASEAN, that:*

- *acquires and applies (accurate and useful) learning*
- *develops and applies (good-quality) guidance*
- *develops and applies (good-quality) practices*

*in workstreams and focus areas supporting establishment of the ASEAN Economic Community and related ASEAN objectives.*

This desired outcome merely recognises that ASEC can exert its influence in a fairly limited number of ways, that any institutional products must be of a sufficient quality to function effectively, and that they must be applied in order to validly represent an outcome-level result. It is suggested that this desired outcome statement form the basis of AADCP II outcome-level M&E.

Hence, for a program that uses a partnership approach to design and undertake activities through an institution, the three dot points of this 'unpacked' objective provide the first component of a definition of the broader 'Categories of Effects' in which contributions to this desirable outcome are likely to fall. A second component of this definition is required to render the effects appropriately specific to AADCP II. That is, that the effects referred to in each of the three dot points of the outcome occurs 'in Streams and Focus Areas supporting establishment of the ASEAN Economic Community and related ASEAN objectives'.

Hence three desired categories of effects for AADCP II can be explicitly stated as:

1. Acquisition and application of accurate and useful **learning** in Streams and Focus Areas supporting establishment of the ASEAN Economic Community and related ASEAN objectives<sup>12</sup>
2. Development and application of good-quality **guidance** in Streams and Focus Areas supporting establishment of the ASEAN Economic Community and related ASEAN objectives<sup>13</sup>
3. Development and application of good-quality **practice** in Streams and Focus Areas supporting establishment of the ASEAN Economic Community and related ASEAN objectives<sup>14</sup>

While not a trivial exercise, the measurement of changes attributable to the program within these categories of effects is feasible, and specific indicators to do so could be developed and applied at the project level. At the project level, the specific indicators needed to measure such changes will depend on the specific sectoral and other aspects of the changes sought. As a minimum standard, such indicators could take the form of a two-stage construct of qualitative evidence. The first stage of this evidence would be the listing of an output-level product relevant to one of the categories (e.g. the production of a research report; the production of some form of guidance or recommendations; or the establishment of practical implementation mechanism or procedure). The second stage of the evidence is examples (or quantification) of the application of these outputs (e.g. examples of reference to, or use of,

<sup>11</sup> Also known as 'domains of change', 'key result areas', etc.

<sup>12</sup> Includes both external research and internal reviews/corporate learning exercises (i.e. M&E), with *as a minimum requirement* some form of objective analysis incorporated into reports.

<sup>13</sup> Includes provision of external or internal advice and direction (including procedural direction), with *as a minimum requirement* reporting that provides formal recommendations.

<sup>14</sup> Includes establishment of new administrative or legal mechanisms for operation (internal or external) and their application, or the expansion of application of existing mechanisms, with *as a minimum requirement* reporting that gives examples of *multiple* application of mechanisms (exceptions can be made for high-level 'one-off' achievements). N.B. in this approach, 'learning' includes research, internal learning, M&E data collection, but training would fall under 'practice' as it is an action taken to institutionalise learning. Promotional activities are also regarded as the 'practice' of implementing a promotional policy.



research or learning in the shaping subsequent guidance or practice; examples of the implementation of guidance or recommendations; examples of repeated or expanded use of a practice. Without the second 'application' component of this information in regard to the three categories of effect, the evidence cannot be regarded as addressing an outcome level.

#### Step 2. Refine the selection criteria used for 'approval of activities to be funded'

It is recognised that under the partnership approach project proposals are driven by ASEC, and that the numbers of projects proposed are currently insufficient to use 'choice of projects' as an effective selection tool for influencing eventual program outcomes. In reality, selection may need to be applied on the level of **elements within projects** through assistance given in helping refine proposals.

However, whether at project or sub-project level, good practice still requires that items to be funded be chosen (or refined) on the basis of their prioritised likelihood of achieving outcomes that fall within the desired categories of effects. Hence existing selection criteria used by the program would be modified to explicitly require:

- *intended proposal outcomes fall within one or more desired category of effect*
- *M&E systems include means of gathering defensible evidence regarding contributions to effects within the desired domains of change*
- *M&E systems that effectively capture lessons learned*

While selection criteria and principles are already applied in program procedures, many important 'criteria' remain implicit within the decision-making processes of the various ASEC bodies proposing activities. While it may be impractical to try to have all the individuals and bodies in ASEC affecting such decisions explicitly state the criteria they are using, a compromise is to add program criteria that attempt to ask for and tease out some of this information. For example:

- *Justifications for proponent prioritisation and proposal of specific activities are documented by proponent in sufficient detail to allow the PMT to make a comparative assessment with other proposals*

It needs to be noted that AADCP II prioritisation is not as simple as choosing those projects which will have the greatest immediate on-the-ground impact in relation to progress towards the AEC. The partnership approach requires that projects also be considered in regard to their ability to strengthen ASEC's ability to do other related work in future (e.g. more efficient recruitment, better enunciation of comparative roles of ASEAN bodies, etc.). Targeting of opportunities for ASEC to confront and overcome existing functional challenges will have a potential multiplier effect that may render projects with less immediate direct impact more effective in helping progress the AEC agenda in the medium to long term. Hence another additional criterion might be stated as:

- *Proposed activities in the project provide an opportunity for ASEC to investigate and address existing functional challenges within ASEAN.*

#### Step 3. Define a simple, outcome-level 'success criterion' by which performance of completed projects (or logical batches of projects) is assessed.

Using the desired categories of effects approach, this criterion would be of the form:

- *Project-level M&E provides defensible evidence of positive change within one or more of the program's desired domains of change*

All this would require is an assessor to review the lists of product/application evidence gathered by the project (see stage 2) and make a decision as to whether this evidence sufficient to infer a significant outcome within one or more of the desired categories of change. If it is, the program is deemed successful. If it is not, the program is deemed unsuccessful; either on the basis that it did not have significant effects or that it could not demonstrate significant effects. Note that consistency in judgement is attained by explicitly requiring that an assessor consider *only* the product/application indicators provided by project M&E, and *not* any other information they may have available to them. This provides a standard benchmark for how well informed an assessor might be about a project and places

the onus on the project proponents to ensure that basic outcome data is collected. It also gives the task a well-bounded and appropriately limited workload implication. While it may be possible to expand the basis for consideration of project success in future, this very limited approach is regarded as a sound 'first step' that does not require a threatening of impractical new workload for already over-stretched ASEC staff.

Given that the real use of this assessment is to encourage improvement of future proposals (it should not be used as the sole basis for a 'block' to future proposals from the same proponents), an unsuccessful finding would simply indicate a need to make improvements to future project design.

An additional set of fixed 'success principles' would address the defining of 'positive change' for each category of effect; possibly through reference to a set of principles similar to those that exist in relation to the program's project development and approval guidelines that cover likely sustainability, gender implications and other important factors.

#### Step 4. Application and use of success assessments

While it may appear logical to make assessments of success in relation to every individual 'project', this is not a practical option for a number of reasons. Firstly, the small size of some projects means that they may not constitute a sufficient body of work from which to expect significant outcomes. Secondly, it is imperative that a range of ASEAN stakeholders (at least, representation beyond the proponent) be involved in this assessment in order to justify collection of outcome data as part of an ASEC system.<sup>15</sup> Given the workload constraints under which most ASEC officers operate, it would be unreasonable to expect their overly repetitious involvement at the micro-level.

In order to address these issues, it is suggested that success assessments be applied to 'logical batches' of projects. Assessments would therefore be based on the compiled evidence from all component projects of the batch. A 'batch' may vary from a single large project, to all the projects completed in a Stream or Focus area in a particular year (i.e. batches would not be able to extend to multiple years in order to maintain a reasonable periodicity of reporting). No formula is suggested for determining what a 'logical batch' of projects might be at this point. It is suggested that this be informed by experience and developed over time.

Given the need to try to encompass measurement of all program achievements within the M&E system, it is suggested that those activities of the program which fall outside projects be regarded as an additional batch of work and also be captured by this 'desired categories of change' system. This additional inclusion is extremely important from the perspective of fully capturing partnership-related outcomes.

If a panel of assessors is used for success assessments, a simple, consistent and transparent rule may then be applied to determine a final result (e.g. the modal response is accepted<sup>16</sup>). The additional value of a panel approach is that comparison of responses across the range of stakeholders also provides very rich information (if panel members are asked to list reasons for their judgements) and can potentially be used to generate high-level indicators regarding success of the 'relational' (partnership) aspects of the program.

#### **Evaluative and review (learning) aspects**

In order to ensure more comprehensive review requirements are satisfied, the outcome-level component of the program's M&E system will need to include more than basic success assessments. It is therefore suggested that two additional mechanisms are used by the program at an evaluative level:

- *A sample of more detailed case studies, applied to specific batches of projects at an ex-post point.*

<sup>15</sup> If this is not done outcome data collection remains solely an AusAID imposition.

<sup>16</sup> Note: a 'consensus result' should never be sought as this is methodologically unsound under the Delphi approach being used.

- *Targeted research (as AADCP-funded ASEC projects) into historical streams of work in areas in which AADCP II and its precursor AusAID programs have had a sustained involvement (this could possibly also be extended to assessment of multi-donor assistance in a focus area or stream).*

Case studies would draw on outcome-level evidence, as well as lessons-learned information gathered at the project level.<sup>17</sup> Targeted research could take the form of mutually developed project proposals, with the intent of providing review data that will be useful to both partners.

### **Measuring partnerships**

Implicit in the above suggestions is the generation of means of assessing outcomes in relation to partnerships.

Clear evidence of the fact that a partnership is being maintained is directly provided by the detailed products/application data being generated by projects (N.B. this detailed information on achievements would also be very useful in generating broader promotional material for the program).

Analysis of the results of success assessments (by batch) across different stakeholders could reveal the degree to which the views of the partners regarding outcomes are aligned. An additional indicator beyond these implicit options is also suggested. This indicator would measure the percentage of projects that are follow-ons from earlier AADCP II funded work. While this indicator could be used as a proxy for a number of outcomes, it also reflects a 'repeat business' aspect of the partnership and an ability of the partners to work together in a strategic manner.

<sup>17</sup> While current project procedures and instruments already collect relevant information regarding lessons learned at project completion, the information requested may need to be further refined if it is to successfully fulfil a review function.

## Annex 6: Progress in implementing the ASEAN Economic Community

ASEAN leaders in 2003 declared that the ASEAN Economic Community would be the goal of ASEAN integration by 2020, and in 2007 they adopted a blueprint for establishing the Community transforming the ASEAN region into a region with free flow of goods, services, investment, skilled labour and freer flow of capital (ASEAN 2007). In that blueprint, the timetable for implementation was brought forward to 2015.

In establishing the AEC, ASEAN Member States committed to act in accordance to the principles of an open, outward-looking, inclusive, and market-driven economy consistent with multilateral rules as well as adherence to rules-based systems for effective compliance and implementation of economic commitments. The *ASEAN Economic Community Blueprint* indicated that AEC would 'establish ASEAN as a single market and production base making ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of its existing economic initiatives; accelerating regional integration in the priority sectors; facilitating movement of business persons, skilled labour and talents; and strengthening the institutional mechanisms of ASEAN' (ASEAN 2007).

The blueprint encompasses a very large agenda of actions that AMS have to take to implement the AEC, and assessment of progress and the impacts on regional development of implementation is extremely difficult. Work commissioned by AADCP II, and the compilation of the AEC Scorecard by the Secretariat sheds some light on progress on compliance—that is implementation of the various agreements under which Member States are expected to take the actions required to remove impediments to the flows of goods, services, labour and capital and to put in place policy frameworks to improve competition. But creation of the economic community—and reaping its benefits—also depends on how far the agreements go in committing states to remove impediments to integration, the consistency of these agreements with the broader commitment to global openness and outward orientation, how binding the agreements are on actual government actions, and how consistently states comply with the spirit of the community in areas not fully covered by agreements.

A recent assessment of Asian free trade agreements was quite critical of ASEAN's efforts:

An ASEAN Economic Community, a single market for goods, services, capital and the movement of skilled labour, is supposed to be achieved by 2015. So far, however, ASEAN vision statements and other blueprints have largely failed to remove barriers to commerce in South-East Asia. They seem rather distant from commercial ground realities. (Sally 2008)

And a more recent Asian Development Bank working paper on ASEAN's economic integration concluded that while ASEAN has many achievements to its credit, it has not progressed very far to becoming a formal economic entity (Hill and Menon, 2010). The paper observed that 'ASEAN has a long history of issuing declarations, action plans and charters, yet with limited capacity—and in some cases arguably intention—for implementation' (Hill and Menon, op. cit.).

The most recent AEC scorecard reports that as at the end of 2011 just on a third of all of the actions required to implement agreements under the three of the four pillars of the community (Single Market and Production Base, Competitive Economic Region and Equitable Economic Development) remained to be implemented. The scorecard does not give a sense of how critical the outstanding actions are with respect to liberalisation of trade and investment.

An ADB Institute study released in draft form in 2012 observed that removing barriers to intra-ASEAN trade and capital flows, all part of implementing the AEC by 2015 is a 'monumental challenge' (ADB Institute, 2012). It also points out that implementing the AEC requires significant legal and institutional changes in ASEAN countries will take time, and that by 2015 much will still need to be done to address constitutional, legislative and regulatory limitations impeding full implementation of agreements as well as intra- and extra-ASEAN commitments.

There are also broader questions about the general efficacy of pursuing the goals of integration through bilateral and regional preferential agreements. As Sally pointed out:

Preferential Trade Agreements (PTAs) are no substitute for a workable WTO. In certain conditions they can reinforce market reforms, but only if they are strong, comprehensive, WTO-plus, competition-enhancing agreements. Nearly all PTAs, though, are weak, trade-light and full of discriminatory provisions that potentially restrict trade—they are more fluffy foreign policy than commercially sensible arrangements. That is the emerging reality in Asia – Pacific, reflecting what has happened already in other developing-country regions. While today’s PTAs do not presage a breakdown in the world trading system, their rampant discrimination is creating worrying political and economic complications. (Sally, op. cit.)

As a general rule, preferential agreements such as those comprising the AEC, can only be guaranteed to be welfare enhancing if they help participating countries move towards removing barriers to trade, investment and factor flows with the whole world, and across as broad a range of categories of goods and services as is possible. And typically, the barriers that prove hardest to remove are the ones whose removal would generate most benefit to the country that disposes of them.

Generally speaking, most ASEAN member states have actively pursued global integration, through membership of the World Trade Organisation, but much more importantly by unilateral removal of barriers. Participation in AEC and its associated agreements has been useful where it has supported these efforts, but it is fairly clear that the AEC has been only partially successful in helping member states tackle the thornier challenges of liberalisation. One reason is that negotiating agreements with trade partners provides a distorting lens through which to view the benefits of liberalisation, and seldom offer the kinds of immediate tangible benefits that can help alter domestic calculations of the economic and political costs and benefits of reform. As Ross Garnaut pointed out ten years ago:

- tit-for-tat trade negotiations are preoccupied with market access
- this has undermined understanding that all the gains—including the market gains available to countries liberalising through trade negotiations (whether in a multilateral, regional or bilateral context) depend on the decisions each makes at home—about its own barriers
- the influences that are stalling progress in trade negotiations originate at home, in the domestic policy environments of participating countries
- the existing processes involved in negotiating and implementing market access agreements abstract entirely from those influences. (Garnaut 2003)

The damage caused by this distortion can be contained if participating countries embed the pursuit of trade agreements within a broader push for integration with the whole world. And this, by and large, is what ASEAN member states seem to have done. It is instructive to note that the AEC scorecard shows that the greatest progress has been achieved under the fourth pillar of the community—Integration into the Global Economy—where all but 14 per cent of the targets have been met.

Pillar/phase	Single market and production base	Competitive economic region	Equitable economic development	Integration into the global economy
	<b>Per cent of targets met</b>			
Phase I (2008–09)	93.8	68.7	100.0	100.0
Phase II (2009–11)	49.1	67.4	55.5	77.8
<b>Total</b>	<b>65.9</b>	<b>67.9</b>	<b>66.7</b>	<b>85.7</b>

Source ASEAN 2012

## Annex 7. Glossary of terms

ASEAN	Association of Southeast Asian Nations
AADCP	ASEAN – Australia Development Cooperation Program
AAECP	ASEAN – Australia Economic Cooperation Program
AAJCC	ASEAN – Australia Joint Cooperation Committee
AANZFTA	ASEAN – Australia – New Zealand Free Trade Agreement
AANZFTA ECSP	AANZFTA Economic Cooperation Support Program
ACIA	ASEAN Comprehensive Investment Agreement
AEC	ASEAN Economic Community
AFAS	ASEAN Framework Agreement on Services
AMS	ASEAN member states
APEC	Asia – Pacific Economic Cooperation
ASEC	ASEAN Secretariat
ATIGA	ASEAN Trade in Goods Agreement
ATSP	ASEAN Tourism Strategic Plan
CDSS	Corporate Development Scoping Study
CPR	Committee of Permanent Representatives
DAC	Development Assistance Committee (OECD)
FTA	Free Trade Agreement
GOA	Government of Australia
HRD	Human Resource Development
IAI	Implementing ASEAN Integration

IPR	<i>Independent Progress Report</i>
JPRC	Joint Planning and Review Committee
M&E	Monitoring and Evaluation
NDG	Narrowing the Development Gap
PMT	Program Management Team
PPMSU	Program Planning and Monitoring Support Unit
PTA	Preferential Trade Agreement
WTO	World Trade Organisation

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