



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2017-18

ASEAN and Mekong Program

September 2018



KEY MESSAGES

- The ASEAN and Mekong Program supports ASEAN centrality and the ASEAN-led regional architecture that builds an open, prosperous and inclusive Southeast Asia.
- ASEAN sits at the heart of the Indo-Pacific. It is in Australia's national interest to support a stronger ASEAN and recognise the importance of ASEAN's role in maintaining stability in the Indo-Pacific region, as laid out in the Foreign Policy White Paper.
- The ASEAN and Mekong Program partners with ASEAN and its ten Member States to enable regional economic cooperation, connectivity, infrastructure development and inclusive growth, and strengthen regional responses to human trafficking and exploitation of migrant workers.
- Investments implemented as part of the ASEAN and Mekong Program are on track and are achieving their goals.
- The ASEAN and Mekong Program is appreciated by ASEAN and its Member States for its collaborative approach to addressing key regional challenges. The range of partnerships helps to ensure Australia is associated with positive and sustainable change.
- The ASEAN-Australia Strategic Partnership continues to go from strength to strength. The March 2018 ASEAN-Australia Special Summit marked a new era in the relationship, deepening and broadening our engagement with ASEAN. This demonstrated our longstanding commitment to Southeast Asia and our ability to contribute to sustainable development in the region.

ASEAN AND MEKONG AID PROGRAM PERFORMANCE INFORMATION 2017-18

SUMMARY

Australia's Foreign Policy White Paper highlights the importance of ASEAN's centrality to our engagement in the Indo-Pacific, and the role it plays in building an open, prosperous and inclusive Southeast Asia. The ASEAN and Mekong Program (the Program) advances our Foreign Policy White Paper goals by promoting transparent rules and regional economic integration, cooperating more closely with ASEAN on combatting transnational crime and promoting safe, orderly and regular migration.

The ASEAN-Australia Special Summit, held in Sydney on 17-18 March 2018, marked a new era in our relationship. The Joint Statement adopted by leaders – the Sydney Declaration – set out a clear vision for the future of the ASEAN-Australia partnership. This was complemented by 15 new initiatives covering cooperation in counter trafficking in persons; urbanisation and infrastructure; connectivity; and women, peace and security. The Program made strong contributions to these Special Summit outcomes.

Investments implemented as part of the ASEAN and Mekong Program are on track and are achieving their goals. The Program benefits from our long-standing partnership with ASEAN, recognition of our technical expertise and a record of cooperative achievement in working through ASEAN systems.

The Program's **economic investments** focus on enhancing regional economic integration and connectivity (AADCP II and GMS TTF)¹; supporting the implementation of Free Trade Agreement commitments (AECSP)²; promoting evidence based economic policy making (ERIA)³; improving access to financial services for low income women and men in ASEAN (SHIFT)⁴; supporting improved investment settings and business enabling

¹ ASEAN-Australia Development Cooperation Program Phase II and Greater Mekong Subregion Trade and Transport Facilitation Program

² ASEAN-Australia-New Zealand FTA (AANZFTA) Economic Cooperation Support Program

³ Economic Research Institute for ASEAN and East Asia

⁴ Shaping Inclusive Finance Transformations Program

environments to promote fair and open regional trade (MBI)⁵; working with Mekong countries on bio-security (LAMP)⁶; and supporting stronger water resources cooperation and improved infrastructure development to ensure water, food and energy security in the Mekong (GMWRP)⁷.

Our **counter-trafficking** (AAPTIP)⁸ and **safe migration** (TRIANGLE in ASEAN)⁹ investments support regional responses to human rights issues, cross-border governance challenges, and stable and inclusive growth.

Over the last year of this Aid Investment Plan (AIP), the Program will further advance our strategic partnership with ASEAN and continue to implement key areas of cooperation, including initiatives announced at the ASEAN-Australia Special Summit. The review of the Aid Investment Plan in 2018-19 will provide an opportunity to review the ASEAN and Mekong Program's alignment with Australia's strategic priorities, as outlined in the Foreign Policy White Paper, as we design the next stage of our development programs.

EXPENDITURE

The ASEAN and Mekong Program's expenditure was distributed across two objectives and was very similar to the previous reporting period - FY 2016-17:

Table 1 Total ODA Expenditure in FY 2017-18

Objective	A\$ million	% of total ODA
Objective 1: Enabling regional economic cooperation and inclusive growth	19.6	59.6
Objective 2 Strengthening regional responses to trafficking and the exploitation of migrant workers	13.3	40.4
Total ODA Expenditure	32.9	100

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Objective	Previous Rating	Current Rating
Objective 1 Enabling regional economic cooperation and inclusive growth	Green	Green
Objective 2 Strengthening regional responses to trafficking and the exploitation of migrant workers	Green	Green

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

⁵ Mekong Business Initiative

⁶ Emerging Disease Risk Reduction – Mekong – Live Animal Marketing and Production

⁷ Greater Mekong Water Resources Program

⁸ Australia-Asia Program to Combat Trafficking in Persons

⁹ Tripartite Action to Enhance the Contribution of Labour Migration to Growth and Development in the Association of Southeast Asian Nations

OBJECTIVE 1. ENABLING REGIONAL ECONOMIC COOPERATION AND INCLUSIVE GROWTH.



All investments reported below met performance expectations (see Annex B), were assessed as effective (see Annex D), and delivered on work plans agreed with partners.

Investments under this objective contributed to SDGs 1, 5, 6, 7, 8, 10 and 13 by: advancing ASEAN's economic integration agenda and reducing inequality within and among ASEAN countries; promoting sustained, inclusive and sustainable economic growth; and improving sustainable water resource management in the Mekong.

Although economic growth trajectories across ASEAN as a whole are strong, there is variation among countries in terms of level of development and the growth challenges they face. Five of the ten member states (Cambodia, Laos, Myanmar, the Philippines and Vietnam) are forecast to have real GDP growth exceeding 6 per cent over the next five years but have an annual GDP per capita below USD 10,000. There is also significant ongoing inequality within and between states, which could threaten longer-term economic growth and stability.

Our economic investments are largely demand driven and work to affect policy change. Change requires action by governments and often takes time. These investments work across multiple country contexts where different national priorities and resourcing constraints are a key factor in program effectiveness and the achievement of results. Further, influencing counterparts to mainstream gender equality remains an ongoing challenge for the program.

ASEAN-Australia Development Cooperation Program Phase II (AADCP II)

In support of ASEAN's economic integration, in 2017-18, AADCP II commenced new strategic projects in connectivity infrastructure which contributed to significant Special Summit announcements. This included development of a rolling priority pipeline of ASEAN infrastructure projects and an ASEAN Sustainable Urbanisation Strategy. AADCPII continued to support the Initiative for ASEAN Integration (IAI), ASEAN's primary vehicle for narrowing the development gap among its Member States. The program informed policy decisions and contributed to long-term changes to ASEAN's institutions and frameworks. For example, the program supported a study into the viability of an ASEAN Single Telecommunications Market, and informed senior level discussions on telecommunications and information technology development in ASEAN.

During the reporting period, AADCP II commissioned an independent review to assess the program's contribution to consumer protection in the region. The study indicated that AADCP II-supported projects at the regional level have significantly contributed to national Consumer Protection agencies' efforts in Indonesia, Philippines and Thailand. The development and longer-term implementation of national level policy contributes to high levels of consumer protection. For example, AADCP II supported the development of ASEAN-High Level Principles for Consumer Protection, which were adopted by ASEAN Leaders at their 2017 Summit. To promote the Principles, AADCP II is helping ASEAN develop associated tools and guidance. An independent rapid review of monitoring and evaluation identified that the program logic could better capture the contribution of outputs to higher-level outcomes. The more comprehensive independent review of AADCPII in 2018-19 will consider how this issue should be addressed.



ASEAN-Australia-New Zealand FTA (AANZFTA) Economic Cooperation Support Program (AECSP)

To advance ASEAN's efforts to promote the free flow of goods, services and investments, in 2017-18, AECSP continued to assist ASEAN Member States to maximise the implementation and benefits of AANZFTA. The AANZFTA General Review Stage One Report assessed AECSP to be highly valued by the AANZFTA Parties, to have supported national reforms in line with AEC commitments, and to have helped increase business utilisation of AANZFTA. An independent study by the Economic Research Institute for ASEAN and East Asia (ERIA) found the impact and capacity-building footprint of AECSP was a significant driver of regional economic integration which should be replicated in other FTAs. AECSP's CLIP II¹⁰ supported Cambodia to create a Competition Division and helped draft the "Law on Competition". In Laos, CLIP experts provided advice to support implementation of the "Law on Business Competition". These results highlighted AECSP's contribution to policy changes in ASEAN.

Economic Research Institute for ASEAN and East Asia (ERIA)

Complementing our economic partnerships with ASEAN, we make a contribution to ERIA to help promote evidence based economic policy-making capacity in Cambodia, Laos, Myanmar and Vietnam (CLMV) advance our joint interests in building economic integration in Southeast Asia. This has contributed to the development of a Policy Department that links ERIA's research with regional policy agendas, and a Capacity Building Programme focused on CLMV's ability to apply ERIA's research to national policy development.

Emerging Disease Risk Reduction - Mekong- Live Animal Marketing and Production (LAMP)

DFAT is working with USAID through our LAMP investment to strengthen bio-security across ASEAN by preventing the emergence and spread of zoonotic diseases across borders. LAMP supports DFAT's aid-for-trade contributions through the risk management of livestock production and working across value chains to promote economic trade and growth across the region.

Greater Mekong Subregion Trade and Transport Facilitation Program (GMS TTF)

GMS TTF is on track to support faster, cheaper, easier transport and trade of goods and passengers in the Greater Mekong Subregion. While there were some delays in progress, the investment secured agreement by all GMS member states to commence implementation of the Cross-Border Transport Facilitation Agreement (CBTA) in 2018, achieving its benchmark. This will allow up to 500 vehicles per country to travel freely across routes connecting mainland Southeast Asia and southern China.


Greater Mekong Water Resources Program (GMWRP)

Australia is a leader in water management. Through GMWRP, we continued to strengthen Mekong water resources governance and supported sustainable economic development and enhanced regional water, food and energy security. By actively supporting regional cooperation and the international rules that govern the management of the region's shared resources, the program made an active contribution towards the Foreign Policy White Paper objectives of working with governments to respond collectively to security and economic challenges, and promoting a region in which the rights of all states are respected. Since the restructure of the MRC¹¹ in 2016, the Commission has demonstrated progress towards its strategic plan.

Key milestones for this period included the MRC Leaders' Summit promoting regional and transboundary cooperation, and the MRC Council Study, which provided scientific assessments and findings to regional and national policy makers to inform national water planning and hydropower policies. In many parts of the Mekong region, women are dependent on water resources for their livelihoods, but find themselves excluded from water governance processes. By supporting Oxfam's Inclusion project, Australia has helped more Civil Society Organisations and women engage with water policy-makers, for example, on the drafting of the decrees and regulations under the newly adopted National Water Law in Laos. The CGIAR's Water, Land and Ecosystems Research Program produced a number of research products, to support more

¹⁰ AECSP's Competition Law Implementation Program II

¹¹ Mekong River Commission



informed water-related policies and practices related to community compensation packages. With IFC¹² support, the governments of Laos and Myanmar, and the private sector in both countries, are adopting higher social and environmental standards for hydropower projects, including through the finalisation of the Strategic Environmental Assessment of the hydropower sector in Myanmar. The findings and recommendations from an evaluation of the GMWRP undertaken in 2017 were shared with implementing partners. Recommendations highlighted the need to streamline the investment's complex management structure while maintaining a focus on reporting tangible outcomes.

Mekong Business Initiative (MBI)

To support narrowing the development gap between ASEAN Member States, MBI has improved investment settings and business enabling environments in Cambodia, Laos, Myanmar and Vietnam, particularly for women and young entrepreneurs. In 2017-18, MBI advised governments on the formulation of private sector development policies and assisted SMEs¹³ to unlock alternative sources of financing models including through the Cambodia Investors Club, which disbursed USD 1.5 million in short-term capital. MBI helped advance priority industries in the Mekong, through support for four industry accelerators in Agritech, FinTech, Smart Cities, and Tourism. An independent Mid-Term Evaluation conducted in 2017 assessed MBI to be achieving its objectives and working well as a regional program. A recommendation regarding industry advisory boards has been incorporated under the current phase.

Shaping Inclusive Finance Transformations Program (SHIFT)

In 2017-18, SHIFT increased financial inclusion in the Mekong, especially for women, using innovative private sector projects; financial inclusion research and data analysis; and, learning and capacity development with financial service providers. SHIFT Challenge Fund Facility grants supported over 2 million (approximately 39% women) beneficiaries to access financial services during this reporting period exceeding the 2017-18 target of reaching 300,000 beneficiaries. Beyond access, usage of these financial services was at 28% (well above the industry standard of 14%), with 529,540 beneficiaries (38% women), using the services. Four new grants serving low-income groups, especially women and MSMEs¹⁴ were launched during 2017-18. For example, supporting women agents in rural areas to provide basic financial products to unbanked women in Myanmar.

OBJECTIVE 2. STRENGTHENING REGIONAL RESPONSES TO TRAFFICKING AND THE EXPLOITATION OF MIGRANT WORKERS.




All investments reported below are meeting or exceeding performance expectations (see Annex B), have been assessed as effective (see Annex D), and are delivering on work plans agreed with partners.

Investments under this objective contributed to SDGs 1, 5, 8 and 10 by undertaking effective measures to combat human trafficking, protect labour rights, promoting safe and secure working environments for migrant workers, and promoting social, economic and political inclusion.

¹² International Finance Corporation

¹³ Small to Medium Enterprises

¹⁴ Micro Small and Medium Enterprises



Investments supported workers to migrate in an orderly, safe and regular way so that they can seek employment opportunities and remit their wages safely. Women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life are promoted through this work.

Programs under Objective 2 also work across multiple countries and share the challenges of working across different operating contexts where resourcing and other limitations can influence program effectiveness, as noted above.

Australia-Asia Program to Combat Trafficking in Persons (AAPTIP)

AAPTIP has continued to strengthen investigations, prosecutions, and adjudications of trafficking in persons (TIP) cases in the region. In 2017-18, AAPTIP supported 13 TIP cross-border investigations - six between the Philippines and Malaysia and seven cases between Myanmar and Thailand, exceeding its 2017-18 target of five investigations. These investigations enabled information and criminal intelligence exchange in the pursuit of traffickers, leading to the rescue of 17 victims.

The investment maintains influence in regional and national TIP policy dialogues. AAPTIP continued to work in close partnership with ASEAN Member States and the SOMTC¹⁵ to support implementation of the ACTIP¹⁶. In 2017-18, AAPTIP supported the development of a cross-sectoral implementation plan (the ASEAN Multi Sectoral Work Plan or 'Bohol TIP Work Plan') which was adopted by the AMMTC¹⁷. This is a significant milestone and provides a platform for coordinated ASEAN-level implementation of ACTIP.

AAPTIP's focus on capacity development of partner governments is showing sustained changes in skills and knowledge which has helped the program surpass its target of 50 per cent of people surveyed reporting changes. Tracer studies show that overall 76 per cent of respondents applied new skills in their workplace with changes reported amongst investigators, prosecutors as well as judges. Counterparts reported having an enhanced understanding of victims' rights and protection, interviewing and investigation skills and stronger interagency cooperation.

AAPTIP made good progress over the reporting period, yet supporting law enforcement work in ASEAN remains complex. Proactive management includes ongoing monitoring of activities to ensure challenges are identified early and addressed effectively.

The investment has now responded to each of the 13 recommendations from a Mid-Term Review completed in 2016. In 2017-18, this work included AAPTIP's implementation of a Monitoring and Evaluation Strategy, which helped to improve results reporting, and further work on the program's approach to victim support.

Broader issues related to the focus and approach of AAPTIP also identified in the Review were considered in the design of the investment's next phase, **ASEAN-Australia Counter-Trafficking**. The design process undertaken throughout 2017 involved consultations with key stakeholders including officials from each of the ten ASEAN Member States. A ten-year, \$80 million investment – ASEAN-Australia Counter-Trafficking – was announced at the ASEAN-Australia Special Summit and will continue Australia's long-running collaboration with ASEAN to combat human trafficking.

A new partnership with **The Asia Foundation** is designed to broaden and extend Australia's long-standing engagement on trafficking in persons. In June 2018, the partnership supported its first initiative: a workshop on community-based approaches for the prevention of TIP hosted by the ASEAN Intergovernmental Commission on Human Rights.

¹⁵ The Senior Officials Meeting on Transnational Crime

¹⁶ ASEAN Convention Against Trafficking in Persons Especially Women and Children

¹⁷ The ASEAN Ministers Meeting on Transnational Crime



Tripartite Action to Enhance the Contribution of Labour Migration to Growth and Development in the Association of Southeast Asian Nations (TRIANGLE in ASEAN)

In 2017-18, TRIANGLE in ASEAN (TiA) supported prospective and returned migrant workers through its network of MRCs¹⁸, which expanded in all six target countries. MRCs in 33 locations served 100,332 migrant workers (57 per cent male, 43 percent female), exceeding its target of 12,000, and ensured the voice of provincial level service providers in national legislative and policy discussions.

TiA has had a demonstrable effect on the development of legislation during 2017-18 and has achieved its policy influencing agenda for this year. The adoption of the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers (the Consensus), supported by TiA, strengthened the regional response to migrant worker exploitation. The program has consolidated relationships with the key ASEAN bodies¹⁹ responsible for implementation of the Consensus. The program also provided technical advice on policy and legislation, which lead to changes in recruitment practices such as a 'zero fee' for migrant workers. TiA is supporting the development of the global methodology to measure the SDG indicator on recruitment costs and the development of a regional remittance cost comparison portal for migrant workers. TiA continues to address challenges related to human resources in some partner countries, including the limited numbers of civil society partners available to work on women's empowerment and gender equality issues.

Human rights

The ASEAN and Mekong program increased engagement with ASEAN on human rights in 2017-18. This included supporting work on disability rights through our Disability Rights in ASEAN (DRiA) program and gender equality outcomes through an ASEAN Women in Business Forum and an inaugural ASEAN-Australia Women, Peace and Security Dialogue announced at the ASEAN-Australia Special Summit.

MUTUAL OBLIGATIONS

Australia's engagement with ASEAN is governed by the ASEAN-Australia Strategic Partnership (2014) and associated Plan of Action (POA), which is divided into areas of cooperation under ASEAN's three pillars (Political-Security, Economic, Socio-Cultural). The overall purpose of the Strategic Partnership is to outline areas of shared interest and agree on priorities, including in development cooperation. The ASEAN and Mekong program contributes to all three pillars and investments are closely embedded and/or engaged with ASEAN bodies and processes.

On the economic pillar, Australia works directly with the ASEAN Secretariat (ASEC) to implement AADCP II and AECSP in support of the AEC, with ASEC providing significant in-kind contributions for project implementation, office space and corporate support. ASEAN's obligations under AADCP II are outlined in a program-level funding agreement, with the accountability of partners tracked and reported through the annual meeting of the Joint Planning and Review Committee.

One of AANZFTA's innovations was to incorporate economic cooperation as an integral part of the FTA. AECSP projects are overseen by AANZFTA's Joint Committee, chaired by Australia, New Zealand and Brunei (representing ASEAN) and the Joint Committee's subsidiary bodies. Through the development and implementation of AECSP projects, Australia can influence the regional economic integration agenda by working directly with ASEAN officials and sectoral bodies. This structure also creates strong connections between ASEAN and Australian officials working on specific issues, which is of long-term benefit to the relationship.

Regional level workplans for AAPTIP and TRIANGLE are developed in close consultation with the relevant ASEAN bodies from the other two pillars²⁰. Australia's partnerships with countries implementing AAPTIP and

¹⁸ Migrant Resource Centres

¹⁹ The ASEAN Committee on the Implementation of the Declaration on the Protection and Promotion of the Rights of Migrant Workers and ASEAN Forum for Migrant Labour

²⁰ The Senior Officials Meeting on Transnational Crime (Political-Security pillar) endorses the ASEAN-AAPTIP workplan and the ASEAN Committee Migrant Workers (Socio-Cultural pillar) is represented on the Regional Steering Committee that endorses the TRIANGLE ASEAN workplan.



TRIANGLE in ASEAN are governed by national-level Memoranda of Subsidiary Arrangements and a Memorandum of Understanding with the ILO respectively. Activities delivered under the AAPTIP subsidiary agreements support AMS to meet ASEAN and national level responsibilities. New agreements for ASEAN-Australia Counter-Trafficking are being negotiated in 2018. The **Southeast Asia Discretionary Fund**, a small flexible facility mechanism, was used to advance other commitments under the POA. For example, we strengthened cooperation between the Australian Human Rights Commission and the ASEAN Intergovernmental Commission on Human Rights (AICHR), and supported ASEAN's promotion of women and children's rights through the development of ASEAN-endorsed guidelines to improve data collection and analysis on violence against women and girls.

The GMWRP enjoys a high level of cooperation with Greater Mekong governments and institutions, giving us the capacity to shape outcomes. For example, leaders from the Greater Mekong governments recently reaffirmed their political and financial commitment to the MRC's mandate and its importance as a primary cooperation framework – as advocated by Australia.

The ASEAN and Mekong Program fills an important place between Australia's bilateral and multilateral investments for Southeast Asia. A challenge is to ensure that all three levels of our contribution are appropriately joined up to tell the full Australian aid story in the region.

PROGRAM QUALITY

In 2017-18, Aid Quality Checks (AQC) were undertaken on 11 investments and Final Aid Quality Checks (FAQC) were completed on two investments. The Program strengthened the quality of aid delivery, including through closer oversight of partners and by contracting-in technical expertise via a Quality Investment Support Service managed by the consultancy Clear Horizon.


AQC ratings showed no investments requiring improvement and ratings overall remained satisfactory, with the investment portfolio rated as highly relevant to Australian and ASEAN interests and well aligned with Australia's Foreign Policy White Paper objectives. Effectiveness of investments remained adequate with some showing improved performance over this reporting period such as AADCP II, GMS TTF and AAPTIP. Risk management was consistently high across the program, and remains a strength of the portfolio.

The ASEAN and Mekong Program contributed to the overall performance of DFAT through five Aggregate Development Results including:

- number of police and law enforcement officials trained (women and men) (AAPTIP);
- number of poor women and men with increased access to financial services (SHIFT);
- value of private sector investment leveraged (SHIFT/MBI)
- value of exports facilitated including new exports (MBI)
- number of women and men trained in trade policy and regulation (AADCP II/AECSP)

Over the reporting period, the Program completed four large evaluations – an independent evaluation covering MBI, an internal assessment by AANZFTA Parties of AESCP as part of the AANZFTA General Review Stage One Report, an internal review of AADCP II monitoring and evaluation arrangements and an evaluability assessment of TiA. Further, the program used targeted reviews to assess its effectiveness and contribution to policy and practice change across the region. The Program also completed an internal review of select economic investments. Findings from these evaluations, reviews and case studies contributed to improved effectiveness of these programs and DFAT's planning for future investments. Independent evaluations of the SHIFT and AECSP programs are underway and expected to be completed in the next reporting period.

During the reporting period, three investments concluded – Women's Economic Leadership and Empowerment in ASEAN (WEL ASEAN), Preventing the Exploitation of Migrant Women Workers in ASEAN Project (PEMWWA) and Stop Transboundary Animal Disease and Zoonoses (STANDZ). Investment



completion activities were carried out, and achievements and lessons were shared with relevant stakeholders to inform future programming and policy decisions. Transition planning commenced for investments that are scheduled to conclude at the end of 2018, including AAPTIP.

The Program is tracking well against its Equality and Inclusion Strategy. Highlights in 2017-18 included greater engagement with AICHR on disability rights, overall good AQC ratings on gender equality and the implementation of DFAT corporate policies such as the Women in Leadership Strategy. While gender analysis and mainstreaming of gender across investments broadly show improvements, some still required targeted efforts to identify entry points for gender activities. Investments should continue to allocate resources to gender and inclusion expertise to ensure that these areas are appropriately incorporated into design and implementation of activities. Our implementing partners will continue to be encouraged to incorporate disability and ethnic minority inclusion considerations, where appropriate, as part of their programming in 2018-19

Examples of good performance over the reporting period included:

- SHIFT supported the Alliance for Financial Inclusion to draft a paper on Integrating Gender and Women's Financial Inclusion into National Strategies. AFI reinforces ASEAN members to apply a global roadmap to increase women's access to financial services by 2021.
- Requirements for gender consideration were included in the terms of reference for the development of a Sustainable Urbanisation Strategy for ASEAN.
- TiA recruited its own Gender Focal Point to support delivery of the Women's Empowerment and Gender Equality Strategy. Further, TiA met its target on gender budgeting with a quarter of its budget (\$212,967) spent on women's empowerment activities. TiA's focus on (predominantly female) domestic worker rights in this reporting period resulted in the adoption of strong recommendations that recognise domestic workers as workers in ASEAN.
- In June 2017, AAPTIP convened an ASEAN workshop on addressing gender barriers in the criminal justice response to TIP. This resulted in the production and dissemination of a "Gender Toolkit: A guide for criminal justice practitioners in the ASEAN region", which provides practical advice to program partners.
- Under the GMWRP Oxfam's Inclusion Project, several women leaders across the Greater Mekong region were mentored and provided opportunities to represent their communities. The project convened regional training on disability inclusion and promoting social inclusion, leading to more informed and inclusive water governance at the community and regional level.

Benchmarks have been reviewed and a more specific benchmark related to AANZFTA has been adopted. The Aid Investment Plan and the Performance Assessment Framework will be reviewed in 2018-19.

MANAGEMENT ACTIONS

Having a diverse portfolio of investments delivered through a range of implementing partners in multiple countries presents challenges. We have made efforts to ensure all new investments contribute to the overarching AIP objectives and communicate a clear narrative on the Program's contribution to ASEAN's development goals. At the same time, the Program retained flexibility to respond to emerging priorities defined by the ASEAN-Australia Plan of Action under our Strategic Partnership, the ASEAN-Australia Special Summit and Australia's Foreign Policy White Paper. The Program is performing well and has achieved its performance benchmarks (see Annex B).

The review of the Aid Investment Plan in 2018-19 will provide an opportunity to consider the ASEAN and Mekong Program's alignment with Australia's strategic objectives, as outlined in the Foreign Policy White Paper. In the last year of the current AIP, the Program will focus on achieving our strategic objectives and performance benchmarks.



Strategic

To implement key areas of ASEAN-Australia cooperation announced at the ASEAN-Australia Special Summit

- *our ASEAN Mission will implement counter-trafficking and connectivity initiatives announced at the Special Summit and support other initiatives where appropriate.*

To continue to strengthen and improve its approach to gender mainstreaming:

- *our ASEAN Mission will implement the 2018-19 action items in the Program's Equality and Inclusion Strategy; and*
- *we will work with program partners to ensure adequate resources are dedicated to gender and inclusion expertise and related policy work.*

To effectively communicate about the contribution of our regional program, we will:

- *continue to inform ASEAN leaders, Ministers and senior officials of program achievements and our support to ASEAN-Australia cooperation, including greater use of ASEAN forums and policy organs.*
- *maintain engagement and advocacy with key ASEAN stakeholders (including ASEC) to ensure alignment with plans and priorities of ASEAN sectoral bodies.*
- *maintain internal communications with bilateral colleagues and regular reporting on the program's alignment with Australia's strategic priorities.*
- *ensure partner communications are consistent with Australian communications policy and branding guidelines.*
- *continue to harness complementary Australian aid investments in a joined up way for greater influence in ASEAN. For example, our Program worked with Investing in Women in 2017 to raise the profile of women's economic empowerment in ASEAN, which was taken up by ASEAN economic ministers and leaders.*

To maintain Australia's reputation as a high-quality actor supporting improved regional water governance, the program will:

- *step-up engagement with Mekong governments for greater cooperation and coordination on water management issues (government-to-government engagement between Australia and Mekong countries).*
- *develop a high quality and strategic next phase of engagement for Australia in Mekong water governance that will identify key actors and factors of change.*

Operational

To further strengthen the Program's performance and alignment with Australian policy priorities, we will:

- *continue to use the Quality Investment Support Service to improve design, monitoring, evaluation and reporting that aligns with DFAT quality standards and policies on gender and inclusion.*
- *actively monitor implementation of all evaluation recommendations and incorporate them into new designs and plans where appropriate.*

To address the challenges of multi-country programming and working with diverse groups of stakeholders, we will:

- *continue to ensure that investments are flexible, adaptive and fit for diverse operating contexts and are also strategically coherent and able to influence regional level outcomes.*
- *actively monitor risks and implementation challenges of investments and incorporate them into new designs and plans where appropriate.*

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Management responses identified in 2016-17 APPR	Rating	Progress made in 2017-18
Our ASEAN Mission will implement the action items in the Program's Equality and Inclusion Strategy	Partly achieved	The Program is tracking well against its Equality and Inclusion Strategy. We achieved action items under all four areas: foreign policy; economic diplomacy; development cooperation and corporate. Highlights included greater engagement with AICHR on disability rights, overall good AQC ratings on gender equality and uptake of corporate policies such as the Women in Leadership Strategy.
We will use the Quality Investment Support Service (QISS) to provide technical support to improve design, monitoring, evaluation, and reporting in alignment with DFAT standards and to assist with measuring overall Performance.	Achieved	We continued to draw on QISS to provide support to improve design, M&E, reporting and overall Program performance assessment. Examples included finalisation of the new counter-trafficking program design; review of the MBI investment concept note; quality assurance of AADCP II's M&E framework; review of program/completion reports (TIA inception report, AECSF report, STANDZ completion report); support with AQCs and APPR performance benchmarks.
We will complete an internal review of economic investments, actively monitor implementation of all relevant strategic/program evaluation recommendations and incorporate learning from reviews/evaluations into new designs and plans where appropriate	Achieved	The ASEAN Mission Bangkok undertook a strategic internal review of its Economic and Inclusive Growth portfolio to understand its strengths and weaknesses, lessons, gaps, opportunities, and coherence. The review is informing short-term investment decisions, strategic AIP inputs and reflecting on its significance in 'narrowing the development gap' of CLMV within the AEC.
The Program will step-up engagement with the Mekong country governments for greater cooperation and coordination on water management issues	Partly achieved	Replicating experience from our direct engagement with Myanmar, we are in the process of designing a new investment (Mekong-Australia Water Facility), expected to be finalised and approved by November 2018. The facility will enable us to have direct engagement with Mekong governments, to respond directly to their water resources management priorities.
Better join up the diverse portfolio of support for constructive, inclusive, accountable and informed water governance across the Greater Mekong	Partly achieved	The Program is tracking well and contributing to the four outcomes. Informed by the evaluation and lesson learnt, partners across the Greater Mekong region have increased their collaboration and joint efforts to pursue their common goals. Active participation from the diverse partners at different forums, including the Greater Mekong Forum on Water, Food and Energy and MRC's International Conference, has contributed to a more informed, inclusive and effective water governance across the Greater Mekong region. Work has commenced to determine the next phase of Australia's regional water engagement, with additional analytical work already undertaken to inform how to better integrate a diverse portfolio going forward.
Improved reporting and communications including distribution of country fact sheets to regional posts for use by Heads of Mission and their staff and the appointment of contact officers for the Program in relevant bilateral posts	Partly achieved	The ASEAN and Mekong Program improved reporting and communications through regular reporting on our investments, country and regional level investment factsheets for briefing and advocacy purposes, and the establishment of contact officers for the Program in relevant bilateral posts. The Program received generally positive feedback on this work. ASEAN Mission regularly identifies representation opportunities for bilateral posts and supports high-level visits in Southeast Asia through the bilateral elements of our regional program.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2017-18

Aid objective	Performance benchmark	Rating	Progress in 2017-18
Enabling regional economic cooperation and inclusive growth	Evidence of high quality timely economic research, policy advice and policy implementation support to ASEAN on priority AEC issues (Australia's economic research, policy advice and implementation is high quality, timely and supports priority AEC issues)	Achieved	AADCP II is meeting its performance benchmark. It produced numerous reports and publications that support AEC priority issues such as agricultural product trade and foreign direct investment. For example: produced recommendations for a Mutual Recognition Arrangement Model to facilitate trade of agricultural products in ASEAN and beyond; 2 important publications were finalised- "ASEAN Investment Report 2017: Foreign Direct Investment and Economic Zones in ASEAN" and "ASEAN at 50: A Historic Milestone for FDI and Multi National Enterprises (MNEs) in ASEAN"; The Global Megatrends: Implications for the ASEAN Economic Community was published in August 2017; and the ASEAN Community Progress Monitoring System Report was published in August 2017 and around 600 copies of the report have been distributed at the ASEAN 50th Anniversary event in Manila and through ASEC networks.
	Evidence of AECSP capacity building projects supporting AANZFTA implementation	Achieved	AECSP is meeting its performance benchmark. AECSP has contributed to building institutional and technical capacity in ASEAN and enhanced the capacity of AMS to implement AANZFTA and to participate in FTA negotiations. By July 2018, almost 9000 people had benefited from AECSP capacity development and policy dialogue activities. Of the total participants, 50% were women, reflecting overall gender equality in participation. The Economic and Research Institute for ASEAN and East Asia (ERIA) noted that AECSP's capacity building footprint was a significant driver of economic integration in the region which should be continued, strengthened and replicated in future trade agreements.
	Better functioning national policy and financing environment for SME scale-up (Evidence of effective implementation of private sector development regulations and policies, financing mechanisms, expanded market access and scale-up for SMEs in CLMV)	Achieved	MBI is meeting its performance benchmark. It has improved the business enabling environment for SMEs in CLMV. In terms of private sector development regulations- 8 business regulations/policies were created or changed; MBI facilitated regulatory reform through diagnostics and advocacy to target constraints to the business enabling environment and improve investment settings. For example, Lao PDR's Investment Promotion Law removed barriers to investment and reduced burdensome requirements in launching businesses; the promulgation of the Myanmar Company Law provides a modern regulatory framework for all businesses (with specific reference to SMEs); 1 new public-private dialogue platform was created and the Vietnam Private Sector Forum continued in 2017, reducing Hai Phong port surcharges by 20% and securing private sector representation on the Prime Minister's administrative reform council. MBI also assisted SMEs to unlock USD 1.5 million in short-term capital through the Cambodia Investors Club and supported the launch of 4 industry accelerators in the sectors of AgriTech, FinTech, Smart City and Tourism.
	Number of challenge fund grant agreement frameworks that include women's financial inclusion (Target: 4 new agreements)	Achieved	SHIFT is meeting its performance benchmark. 4 new challenge fund grant agreements were under implementation - Movivo, AWBA, BRAC and TransferTo. The 2017 target of 300,000 beneficiaries was exceeded: over 2 million (39% women) beneficiaries were accessing financial services by December 17. Beyond access, usage of these financial services is seen to be 28% with 529,540 beneficiaries, 38% women, actively using these financial services.
	Legal framework in place for pilot implementation for the Cross Border Transport Facilitation Agreement (CBTA) under GMS TTF (MoU pilot has been signed by all six countries)	Achieved	GMS TTF is meeting its performance benchmark. It achieved agreement by all GMS member states to commence "Early Harvest" (EH) operations under the Cross Border Transport Facilitation Agreement (CBTA) which will see the issuance of up to 500 permits per country.


	Strengthened institutional water resource management frameworks (Target: 4)	Achieved	GMWRP is meeting its performance benchmark with 4 frameworks strengthened. It (i) Strengthened regional cooperation for shared water resources management (MRC); (ii) Improved participation of civil society in regional, national and local water governance (Oxfam); (iii) Enhanced social and environmental standards applied to hydropower projects by both government and the private sector (IFC); (iv) Increased availability of quality research to help inform water resources management policies and practices (WLE).
Strengthening regional responses to trafficking and the exploitation of migrant workers	Number of TIP case investigations in which partners are cooperating (Target: 5 or more TIP case investigations)	Achieved	AAPTIP has exceeded its performance benchmark. 13 cases of successful cooperation were recorded and assessed - 6 between Philippines and Malaysia, and 7 between Myanmar and Thailand. Transnational Investigative Cooperation on TIP cases between Philippines and Malaysia contributed to the rescue of 10 TIP victims. Similar cooperation between Myanmar and Thailand resulted in 7 victims being rescued in two cases. In December 2017, 8 Myanmar victims of TIP in the fishing industry were provided with restitution from the Indonesian government.
	Percentage of women and men trained under AAPTIP projects recording follow-on skill and knowledge changes demonstrated in the workplace (Target: 50 percent or more of sampled people reporting change)	Achieved	AAPTIP has exceeded its performance benchmark. There are signs of sustained changes in skills and knowledge following AAPTIP training. Tracer studies show that overall 76% of respondents could apply new skills in their workplace. This change is observed in investigators, prosecutors as well as with judges, and has translated into counterparts having an enhanced understanding of victims' rights and protection, interviewing and investigation skills and stronger interagency cooperation.
	Number of women and men who receive support services through Migrant Resource Centres (Target: 12,000-W42%/M58%)	Achieved	TiA has exceeded its performance benchmark. It provided services to 25,933 migrant workers (12,622 women/13,311 men; W48% / M52%) and members of their families through maintaining and expanding the network of Migrant Worker Resources Centres (MRCs) in all six target countries.
	Number of policies adopted or amended with ILO input on labour protection and gender equality for women and men migrant workers. (Target: 5)	Achieved	TiA has exceeded its performance benchmark. 6 protection policies were adopted or amended with ILO technical support, completing the indicator target: Cambodia (1): Action Plan for the Labour Migration Policy 2018. Lao PDR (2): Agreement No. 43 on the establishment and supervision of employment service enterprises and Decree No. 68 on recruitment of Lao workers to work abroad. Thailand (2): Royal Ordinance Concerning Management of Employment of Migrant Workers and cabinet resolution on migrant worker assistance centres. ASEAN (1): ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

Performance Benchmarks for remainder of Aid Investment Plan or new Aid Investment Plan

Aid objective	Performance Benchmark	2018-19 (AIP revision in 2019)	2019-20 (Performance Benchmarks may be updated as part of the Program's AIP revision in 2019)
Enabling regional economic cooperation and inclusive growth	Evidence of high quality and timely economic research, policy advice and policy implementation support to ASEAN on priority AEC issues	Australia's economic research, policy advice and implementation is high quality, timely and supports priority AEC issues	Australia's economic research, policy advice and implementation is high quality, timely and supports priority AEC issues.
	Evidence of AECSP capacity building projects supporting AANZFTA implementation	AECSP capacity building projects support AANZFTA implementation in liberalising and facilitating trade in goods and services, providing greater certainty and transparency for investment, and improving transparency and cooperation in intellectual property rights and competition policy.	AECSP capacity building projects support AANZFTA implementation in liberalising and facilitating trade in goods and services, providing greater certainty and transparency for investment, and improving transparency and cooperation in intellectual property rights and competition policy.
	Better functioning national policy and financing environment for SME scale-up	Evidence of effective implementation of private sector development regulations, policies and programmes, financing mechanism, expanded market access and scale up for SMEs in CLMV, with a particular focus on women led enterprises and young entrepreneurs	Evidence of effective implementation of private sector development regulations, policies and programmes, financing mechanism, expanded market access and scale up for SMEs in CLMV, with a particular focus on women led enterprises and young entrepreneurs.
	Number of challenge fund grant agreements frameworks that improve women's financial inclusion under implementation	2	TBC
	Strengthened institutional water resource management frameworks	4	4
	Legal frameworks in place for pilot implementation of the Cross Border Transport Facilitation Agreement (CBTA)	Updating of CBTA has been informed by pilot learning	TBC
Strengthening regional responses to trafficking and the exploitation of migrant workers	Number of TIP case investigations in which partners are cooperating (5 or more TIP case investigations)	5 or more TIP case investigations	TBC



Percentage of women and men trained under AAPTIP projects recording follow-on skill and knowledge changes demonstrated in the workplace	50 percent or more of sampled people reporting change	TBC
Number of women and men who receive support services through Migrant Resource Centres.	12,000 (W43%/M57%)	12,000 (W43%/M57%)
Number of policies adopted or amended with ILO input on labour protection and gender equality for women and men migrant workers.	5	5

ANNEX C- EVALUATION PLANNING

LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INL277 Mekong Business Initiative	Independent Progress Review	9 October 2017	17 May 2018	17 May 2018	15 December 2017

LIST OF PROGRAM PRIORITISED EVALUATIONS PLANNED FOR THE NEXT 12 MONTHS

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Independent Mid-term Review	INL413 Shaping Inclusive Finance Transformations Program	March 2018	October 2018	- Assessment of progress against objectives	Partner-led
External Review	INI358 AANZFTA Economic Cooperation Support Program	September 2018	February 2019	- Assess program's performance - Inform new design	DFAT-led
Independent Mid-term Review	INL499 TRIANGLE in ASEAN	November 2018	April 2019	- Review program's progress against the design for a ten-year program	Partner-led
External Review	INH157 ASEAN Australia Development Cooperation Program	March 2019	October 2019	- Assess program's performance - Inform current phase and new design	DFAT-led

ANNEX D- AID QUALITY CHECK RATINGS

AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards *
ASEAN-Australia Development Cooperation Program Phase II	\$62.4m	2018 AQC	6	5	6	4	5	4	Y
	2007-2019	2017 AQC	5	4	5	4	5	3	
AANZFTA Economic Cooperation Support Program	\$32.7m	2018 AQC	6	5	4	4	5	4	Y
	2008-2019	2017 AQC	6	5	5	4	5	4	
Mekong Trade and Transport Facilitation	\$6m	2018 AQC	5	4	4	4	4	4	Y
	2011-2018	2017 AQC	5	4	4	4	4	4	
Mekong Business Initiative	\$13.3m	2018 AQC	6	5	6	4	4	4	Y
	2013-2018	2017 AQC	6	4	5	4	5	4	
Shaping Inclusive Finance Transformations Program	\$9.9m	2018 AQC	5	5	4	5	4	5	Y
	2014-2018	2017 AQC	5	4	4	5	4	5	
Oxfam-Civil Society Engagement in Water Governance	\$9m	2018 AQC	5	5	5	5	4	5	Y
	2013-2020	2017 AQC	5	5	5	5	5	5	
IFC Sustainable Hydropower in Mekong Countries	\$8m	2018 AQC	5	5	5	5	5	4	Y
	2013-2020	2017 AQC	5	5	5	4	5	4	
Supporting Mekong Water Resources Management	\$11.15m	2018 AQC	6	4	4	4	4	3	Y
	2014-2021	2017 AQC	4	4	5	4	5	4	
Australia-Asia Program to Combat Trafficking in Persons	\$50m	2018 AQC	6	4	5	4	5	4	Y
	2013-2018	2017 AQC	6	4	4	3	4	5	
TRIANGLE in ASEAN	\$20m	2018 AQC	6	5	4	4	5	5	Y
	2015-2025	2017 AQC	6	3	4	3	4	4	
Emerging Disease Risk Reduction- Mekong- Live Animal Marketing and Production	\$5.89m	2018 AQC	5	4	3	4	3	4	Y
	2011-2019	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A	

*Note: Risks and safeguards were not rated in 2017. In 2018, AQCs recorded whether the investment had a renewed or updated risk register and whether actions were being taken to mitigate risks, and further actions identified as required.

FAQC RATINGS

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Stop Transboundary Animal Disease and Zoonoses	\$12.79m 2011-17	5	6	5	5	5	5	5	
Research for Development on Water Governance	\$6.1m 2014-18	5	5	5	5	5	5	5	

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.