

ASEAN-Australia Development Cooperation Program II

Quality & Performance

Annual Review for 2014 Summary Report

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February 2015

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Summary of Recommendations

Para(s)	Recommendation
11	Continue to try and reduce the transaction costs of developing and managing the program's portfolio of projects
12	Encourage a shift from sector body / working group focus on input and activity to a focus on outcomes and impacts
13-14	Develop a more outcomes-orientated conceptualisation of AADCP II, probably: <ul style="list-style-type: none"> • a better knowledge and evidence base for policy-making; • appropriate norms and standards • better awareness of the concepts and benefits of economic integration • a Secretariat continuously improving its capacity to support AEC processes

Abbreviations

AADCP (II)	ASEAN-Australia Development Cooperation Program (Phase II)
AEC	ASEAN Economic Community
AMS	ASEAN Member States
AQC	Annual Quality Check
A\$	Australian dollar
ASEAN	Association of South East Asian Nations
ASEC	ASEAN Secretariat
BCLMV	Brunei, Cambodia, Laos, Myanmar and Viet Nam
CPR	Committee of Permanent Representatives of ASEAN Member States
DFAT	Australia's Department of Foreign Affairs and Trade
IAI	Initiative for ASEAN Integration
IPSAS	International Public Sector Accounting Standards
JPRC	Joint Planning & Review Committee
M&E	Monitoring and Evaluation
PAF	Performance Assessment Framework
QAI	Quality at Implementation

Introduction

1. AADCP II is an A\$57 million partnership between Australia and ASEAN, based in the ASEAN Secretariat (ASEC), supporting the establishment the ASEAN Economic Community (AEC). AADCP II's original timeframe of 2008-2015 has been extended to 2019.
2. AADCP II helps ASEAN establish the AEC principally by funding a portfolio of transformational short-term projects. Projects usually comprise analytical work, the development of necessary norms and standards and the socialisation of concepts of and approaches to economic integration. AADCP II also supports ASEC better to deliver its core secretariat functions – the latter including some technical assistance and capacity enhancement.
3. AADCP II's portfolio of projects is configured solely around the ideas, priorities and directions set by ASEAN's own working groups and sector bodies. This is a defining feature of AADCP II. AADCP II governance arrangements, and the final say on project approval, are also firmly based on ASEAN member states' own leadership and direction.
4. Australian funds of around A\$57 million are disbursed through ASEC systems.

Results

Good progress over the year

5. As at 30 September 2014 a total of 55 projects had either already been completed under AADCP II (29), were currently in implementation (19), or were in the process of tendering and contracting (7). A further four projects were under discussion. A couple of projects were on hold due to implementation delays; one project was cancelled due to changed sector-body priorities.
6. A listing of current project activity by work-stream, together with their budgets where finalised, is provided at Annex 1. The 32 projects with finalised budgets amount to a current commitment of some AUD 16.5 million. (These totals do not include pipeline or long-since completed projects.)

Key result areas:

7. In terms of higher-level change, AADCP II has contributed to four broad key result areas:
 - It has helped develop **a better knowledge and evidence base** for regional policy-making and regulation for the AEC. Examples include:
 - IAI Work Planning: a mid-term review resulted in 60 action lines being prioritised by the ASEAN Coordinating Council and early work on the post-2015 Initiative for ASEAN Integration agenda.
 - It has supported the **development of the norms and standards** required in a new AEC. Examples include:

- ASEAN Tourism: the wherewithal (analysis, training toolboxes, organisational developments, training-of-trainers capacity etc.) to establish ASEAN-wide Mutual Recognition Agreements (common standards for tourism professionals) in place.
- Consumer Protection: fundamental principles of pan-ASEAN consumer protection / consumer redress processes mapped out and socialised, and capacities enhanced.
- Agriculture: the principles of, and the recognition of, quality assurance systems for ASEAN fruit and vegetables, and for livestock husbandry and aquaculture standards, developed and socialised for the purposes of supporting and expanding agricultural markets and trade.
- Financial Integration: empirical evidence of substantially increased capacity to realise the financial integration of ASEAN member states, particularly in the BCLMV countries.
- It has helped ASEC and ASEAN member states to **socialise the concepts, benefits and opportunities** involved in an AEC. Examples include:
 - Investment; Capital Markets: increased knowledge and understanding of the ASEAN Comprehensive Investment Agreement. (2013 report published, disseminated and well received; 2014 report in progress.) Some progress on promoting capital markets.
 - AEC Integration Monitoring: although there are delays in other components, the ASEAN Integration Monitoring Report has usefully informed understanding about progress and informed policy, and has been well received.
 - ASEAN Connectivity: high-profile (video-based) messaging developed and disseminated on achieving greater connectivity across ASEAN member states.
- It has **supported the ASEAN Secretariat to improve its capacity and capability** to serve the process of establishing the AEC. Examples include:
 - Capacity supplementation: AADCP II-funded specialists supporting qualitatively and quantitatively improved ASEC functionality in the areas of finance and trust-fund management, legal areas (contracting and procurement) and human resource management. ASEC has a good record of integrating temporarily donor-funded positions into the regular, ASEC core budget-funded, establishment.
 - ASEC Systems and Processes: capacity enhancements in areas such as IPSAS accounting manuals; business processes and IT needs assessment; strategic planning and project-cycle management.

Lessons learned and Best Practices

Quality processes ... but with some transaction costs

8. AADCP II support to and management of project development, financing and implementation processes is of high quality. While remaining flexible and supportive, the AADCP II team maintains rigour and discipline in project appraisal, contracting and progress monitoring.

9. However there is a balance to be struck between the relatively modest capital values of projects being funded and costs of providing due diligence in project design, appraisal and monitoring.
10. This review would suggest that AADCP II gets the balance about right. But it does need to be ever-conscious of the transaction costs of running multiple small projects and to look for ways to minimise these.
11. Things discussed with the AADCP II team in this regard include:
- Providing on-hand (Jakarta-based) contracted-in short-term support to ASEC units to discuss and develop their (or sector bodies') ideas into concisely-drafted fundable projects;
 - Bringing clarity to, and simplifying, fundamental design requirements: the why, the what and the how, without labouring semantics or using opaque terminology;
 - Continuing to push for larger more programmatic 'umbrella' projects within the main thematic areas, over longer timeframes, that allow for the detail to be the subject of discussion and intelligent management decisions, rather than being prescribed in small, rigidly-defined, projects.
12. On this latter point, one notices that sector bodies and working groups often focus on input and activity – but that is the project manager's role. Sector bodies and working groups need to be encouraged to focus on the strategy (the 'clever plan' to achieve higher-level objectives) and on the outcomes and impacts of the interventions they are instigating. (See also comments 'getting more strategic' below.)

A more outcomes-orientated picture of AADCP II

13. Allied to this, AADCP II also needs to be projecting real clarity over what it aims to achieve at outcome and impact level.
14. This review recommends developing a more outcomes-orientated description of AADCP II, for the purposes of:
- Emphasising, first and foremost, the generic intermediate outcomes, the achievement of which the program is there to support - phrased in terms of tangible *changes* that – clearly – contribute to economic integration (or its precursors);
 - Providing a more easily-understood framework or set of boundaries within which to design and implement AADCP II projects;
 - Articulating more clearly the relevance of the program to ASEAN's higher-level agenda and also to the Australian government's development policy.
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AADCP II Projects

By work-stream, as at November 2014

Projects by Stream	Component	Budget	As per Nov 14
Stream: Corporate Development			
Strengthening ASEAN Secretariat Business Process and IT System: A Needs Assessment Study	1	150,000	Approved Dec 2013 – now in Implementation
IPSAS Guidelines Refinement and Reporting Systems Enhancements	1	TBD	Pipeline
Stream: Monitoring & Evaluation			
Mid-Term Review of the Implementation of the IAI Work Plan II for Equitable Economic Development and Narrowing the Development Gap	1	315,000	Completed Jun 2014
Enhancing the National Mechanism and Data Collection for the ACPMS	1	TBD	Pipeline
AEC Integration Monitoring & Evaluation Capacity Building	1	1,254,805	Implementation
Facilitating Regional Dialogue in AEC	1	312,000	Implementation
Stream: Services			
Handbook on Core Competencies and Domestic Regulation in the Engineering, Architecture, Accounting and Surveying Sub-Services	2B	164,000	implementation
Development of Implementation/Action Plans to Enhance Mobility of ASEAN Professionals on Surveying Services	2B	515,000	Approved June 14 – now tendering
Development of Implementation/Action Plans to Enhance Mobility of ASEAN Professionals on Accountancy Services	2B	288,000	Approved Mar 14 – now in implementation
Toolbox Development for Tourism Labour Divisions: Front Office, Food and Beverage Service and Food Production	2B	1,305,205	Completed January 2014
Training of ASEAN Master Trainers and Master Assessor for Front Office, Food and Beverage Services and Food Production Divisions	2B	1,172,000	Approved Feb 14– now in Implementation
Toolbox Development for Tourism Labour Divisions: Travel Agencies and Tour Operation	2B	1,420,000	Approved Feb 14– now in Implementation

Development of ASEAN Tourism Professional Registration System (ATPRS)	2B	1,070,000	Approved Mar 2014 – now in Implementation
Establishment of Quality and Standards Division for the Regional Secretariat for the Implementation Of the ASEAN Mutual Recognition Arrangement On Tourism Professionals	2B	TBD	Pipeline
Stream: Investment			
Best Practices for Investment Promotion and Facilitation in ASEAN	2A	254,000	Implementation
Outsourcing opportunities in ASEAN	2A	540,000	Implementation
Development of the ASEAN Investment Website/Portal	2B	102,000	Implementation
Promoting ACIA Phase 2	2B	420,000	Approved Jun 14 – now on hold
ASEAN Investment Report 2013	2A	85,500	Completed Nov 2014
Stream: Consumer Protection			
Strengthening Technical Competency for Consumer Protection in ASEAN	2B	497,750	Implementation
Development of Public Awareness Models for Consumer Protection	2B	246,150	Implementation
Supporting Research and Dialogue in Consumer Protection	2A	429,450	Implementation
Developing the ASEAN Post-2015 Consumer Protection Action Plan: Meeting the Challenges of a People-Centered ASEAN Beyond 2015	2A	180,000	Approved Sep 14 – now being tendered
Development of Complaint and Redress Mechanism Models in ASEAN	2B	271,450	Completed February 2014
Stream: Agriculture			
Global Recognition of Quality Assurance Systems for ASEAN Fruits and Vegetables (ASEAN GAP)	2B	648,278	Implementation
Establishment of ASEAN Good Aquaculture Practices (ASEAN GAqP)	2B	346,000	Implementation
Establishment of ASEAN Good Animal Husbandry Practices (ASEAN GAHP)	2B	302,000	Implementation
Development of GAqP Certification and Accreditation System	2B	TBD	pipeline
Capacity building and Development of GAHP Certification and Accreditation System	2B	TBD	pipeline

Stream: ASEAN Connectivity				
Strengthening Communication on ASEAN Connectivity	2B	390,000	Implementation	
Strengthening ASEAN Connectivity Monitoring and Evaluation	2B	500,000	Implementation	
Development of ASEAN Connectivity Digital Content	2B	TBD	Pipeline	
Development Prospects for the ASEAN Power Sector	2B	180,000	Approved Sep 14 – now contracting	
ASEAN Public-Private Partnership (PPP Program)	2B	973,000	Approved Mar 14 – now implementation	
Formulation of post-2015 Agenda for ASEAN Connectivity	2B	TBD	pipeline	
Stream: Cross-cutting issues				
ASEAN Regulatory Reform Agenda	2A	404,050	On hold/ contracting	
Project Planning and Development (PPD) Assistance for the Initiative for ASEAN Integration	2A	702,000	pipeline	
Stream: Finance Integration				
Assessment of ASEAN Capital Market Development & Integration	2A	420,000	Completed May 2014	
Capacity Building on Financial Integration Framework	2B	530,000	implementation	
Capacity Building on Financial Integration Framework Phase 2	2B	TBD	pipeline	