



**Mid-Term Review of the Implementation of the IAI
Work Plan II for Equitable Economic Development and
Narrowing the Development Gap**

**Volume 1
MAIN REPORT**

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and Narrowing the Development Gap Division
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Executive Summary

Responding to the “The Phnom Penh Agenda 2012” which called for a comprehensive Mid-term Review (MTR) of the IAI Work Plan II, the Mekong Institute has been commissioned to stock-take the implementation of the IAI Work Plan II; map the Work Plan with other subregional, multilateral and trilateral development projects/programs; set out concrete and practical measures to expedite the implementation of Work Plan II; and recommend its future direction.

The review was timely and important for the future direction of the IAI. Since the formulation of IAI Work Plan II in 2008, the landscape of development cooperation activities in CLMV/Mekong sub-region has significantly changed. This included the emerging of several ASEAN owned initiatives like Master Plan for ASEAN Connectivity, ASEAN Framework for Equitable Economic Development, ASEAN Mekong Basin Development Cooperation, and ASEAN Framework Action Plan on Rural Development and Poverty Eradication. All these initiatives share many things in common with the IAI Work Plan II. In addition, there are now at least a dozen subregional fora with the name Mekong which also share IAI goals and objectives and encompass several IAI WP Priority Actions. These changes and development have called for a thorough review of IAI WP II Implementation in regard to its relevance, performance and success as well as the complementarities of other regional/subregional development frameworks with the IAI Work Plan.

A. The Findings

A.1 Status of IAI WP II Implementation

The ASEAN Heads of State at the ASEAN Summit in 2000 launched the Initiative for ASEAN Integration (IAI) with its objectives to narrow development gap (NDG) and promote equitable economic growth among ASEAN Member States (AMS). The efforts to narrow the development gap have been driven mainly by the IAI Work Plan (IAI WP). The first IAI WP covering the period of 2002 – 2008 with a total of 134 projects/programs was successfully implemented. A total funding for IAI WP I was USD 211 million, of which the ASEAN-6 contributed USD 191 million and USD 20 million. came from Dialogue Partners and External Partners (DPs & EPs).

The second IAI WP for the period 2009 - 2015 is aligned with the three Community Blueprints. It is composed of 182 priority actions that support CLMV countries to better participate in the integration process. Out of the 182 actions, 19 are studies, 78 are policy

and implementation support, and 85 are training programs, apprenticeships and other capacity building activities (IAI, 2013).

According to the official status update from the IAI Task Force, as of September 30, 2013, there are 245 approved IAI projects/sub-projects with a total budget of USD 18,654,215. Of these, 216 have been completed and 29 are in various stages of implementation. These 245 projects addressed only 58 (32%) of the 182 Actions - which leaves 124 (or 68%) unaddressed. The greatest challenge facing the IAI WP II is how it intends to increase its achievement rate in the remaining period of the timeframe up to 2015: in what specific sectors/areas, by what means and by when. In short, what are the priority activities or interventions to be carried out for the next two years?

The study team also took note that the drastic reduction of funds for IAI WP II may not necessarily indicate a reduction in commitments of ASEAN – 6 and DPs & EPs but could be a result of the current limitations of the reporting mechanism for IAI projects which only captures the actual cost of projects implemented as reported at the bi-annual IAI Task Force meetings. For instance, at the 19th ASEAN Summit in Bali in November 2011, Singapore pledged S\$50 million for IAI projects from 2012 to 2015 (SCP, 2014); in the last five years, Thailand has spent over US\$6 million per year funding capacity development projects in CLMV (TICA, 2013); Germany has already approved funding in total of EU12.4 million for two projects which directly support IAI¹ from 2014 - 2017; the Swiss Government has already allocated 16 million CHF for the Mekong Region Land Governance Project; the Mekong Institute, with funding support from New Zealand Aid Programme (NZAP) and Swiss Agency for Development and Cooperation (SDC) in total of \$6 million, is implementing 2 projects directly under IAI WP II. This illustrates that the current monitoring and reporting mechanisms need to be improved to provide a more accurate picture of all major projects and programs that do or plan to contribute directly to the IAI goals.

A.2 REESI Assessment

The REESI² assessment, conducted through key informants' interviews, focus group discussions and online survey, reveals that IAI is highly valid and significantly important for the integration of CLMV socio-economies into ASEAN Community. While only \$231 million was accredited as funds for IAI projects since its commencement, there have been probably triple (if not more) amount of funds channeled to CLMV in the last decade

¹ 1. Support to IAI within the framework of the ASEAN Single Market and 2. Regional Integration of Laos into ASEAN, Trade and Entrepreneurship Development

² Standard Assessment Criteria being used by several international organizations and donors: Relevance, Effectiveness, Efficiency, Sustainability, and Institutional Building

through subregional programs, bilateral cooperation and triangular arrangements, that are contributory to IAI goals and objectives. Following the launch of IAI and the Vientiane Action Programme, several initiatives have been established to assist CLMV countries. These include the Mekong – Japan Cooperation, the Mekong-ROK Cooperation, the U.S. Lower Mekong Initiative, the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), the CLV Development Triangle, and the SDC Mekong Regional Program. Majority of the respondents further expressed that IAI has highlighted development disparity between the ASEAN-6 and the CLMV and acted as a special vehicle to mobilize resources and joint efforts to assist these new comers.

There are many IAI accredited programs and projects that were rated highly satisfactory and with good impact on the development of CLMV human resources, for instance, the Singapore Training Centres, Malaysia Technical Cooperation, Indonesia South-South Technical Cooperation and Brunei-Japan funded Attachment Officer Program. In fact there are many more projects and programs in the Mekong Subregion that directly address IAI WP II priority actions but have not been acknowledged or recorded officially as IAI. These include: the NZAP-funded “Capacity Development for Integrating CLMV Economies into AEC” implemented by MI; the ADB-funded Capacity Development Program under Phnom Penh Plan (ADB – PPP); the Indian-funded Entrepreneurs Development Institutes in CLMV; JICA’s Laos Pilot Programme; GIZ’s RELATED³ Program and; several subregional activities implemented under triangular cooperation.

The assessment results also present a clear gap between the relatively high importance given to IAI WP implementation and the average level of satisfaction with the actual achievements towards implementation. The areas that key stakeholders identified as being the least satisfactory and need to be improved are:

1. IAI Project Design, Appraisal, Monitoring and Evaluation

There is a great need for better monitoring and evaluation mechanisms to appraise and accredit projects under IAI; to monitor project implementation; and to report project outcomes.

- 1.1 Project Appraisal and Accreditation System. According to the Guidelines for IAI Projects for DPs & EPs (19 June 2013), only those projects funded by DPs & EPs have to undergo a complex project appraisal process which include double approval processes (obtaining agreement from CLMV governments and then getting final approval from the IAI Task Force) to be accredited as “IAI Projects”. For projects funded by ASEAN – 6, there are no criteria or mandatory appraisal or approval process and an ASEAN - 6 country can directly implement a project and report it as IAI-accredited project. This double standard needs to be rectified to

³ Regional Integration of Laos into ASEAN, Trade and Entrepreneurship Development

promote better understanding and establish mechanism for North-South and Triangular Cooperation between OECD donors, ASEAN- 6 and CLMV. Guidelines for appraising IAI projects should be broadened to recognize that there are different development stages, needs, and priorities among CLMV and encourage cooperation and linkage between regional, subregional and national projects.

- 1.2 Project monitoring and reporting system. At present, the monitoring and reporting system being used by IAI&NDG Division is limited to outputs-based monitoring and is on a voluntary declaration basis. Good planning, timely service delivery and optimistic reports alone no longer provide sufficient justification. To continue to attract support from ASEAN – 6 and DPs & EPs, the ASEAN Secretariat will have to have an effective monitoring and evaluation system in place to enable it to track the progress and demonstrate the results of IAI projects in narrowing development gaps and improving equitable and inclusive economic development. This includes compliance with the Monitoring / Reporting Arrangements as called for in the IAI Strategic Framework.
2. Coordination and cooperation between IAI WP implementation and other development assistance to CLMV at regional, subregional and national levels. The study found very few evidences on how lessons and possible complementarities from other regional and subregional projects/programs were credited for or incorporated into the current project design and selection process. To synergize efforts, maximize resources, and avoid duplication, donor coordination on projects and programs that contribute directly to IAI is critical. To effectively plan a future IAI Work Plan, the IAI Task Force and the IAI&NDG Division need to gain a comprehensive overview of IAI/CLMV-related assistance and cooperation between IAI ‘accredited’ projects and contributory support measures at other levels. For example, there is a great need to have a strong linkage and close collaboration among the following concrete cases: a) the ASEAN Good Agriculture Practices (GAP) Project funded by AADCP II to promote GAP in the AMS; b) the Greater Mekong Subregional Project on GAP funded by NZAP (MI); and c) the Lao GAP funded by Japan and Cambodia GAP funded by ADB. This is to ensure that the same GAP standards and measures are established at regional, subregional and national level. Currently, in the AMS, there are QGAP, GlobalGAP, ASEAN GAP, Thai GAP, and VietGAP, each has some differences in standards, procedures and requirements.

3. Meaningful Involvement of Non-state Actors. Closer coordination is needed with business leaders and private sector organizations. The private sector has been the main engine of ASEAN economic integration – in building industries and fostering growth and competitiveness. However, majority of business enterprises in CLMV are domestic and resource-oriented and have limited capacity to do business beyond national borders. Their national chambers of commerce and industry and business associations are still in its early stages of development and need special support. Academic and research institutions in the subregion likewise, are fragmented and have weak links to academic and research networks in the region. According to the ASEAN Secretariat report, as of October 2013 (ASEC Website, 2013), ASEAN-related institutional bodies included 8 centers, 20 business entities, 58 civil society organizations, and 13 other organizations. None of these entities belong to or come from CLMV. This area needs special attention and support to help facilitate integration of CLMV into the ASEAN Community.
4. Results-Oriented. Majority of the 254 projects implemented under the umbrella of IAI are training and related capacity development activities for public officials of CLMV. To be effective, capacity development for integrating CLMV socio-economies into the ASEAN Community has to go beyond training and study visits. It must build competencies of individuals, strengthen participating organizations' systems and practices, support institutional and policy changes, and help establish a "Community of Practices" and networks among professionals. While it is okay to continue those trainings and related activities currently provided by institutions commissioned by ASEAN – 6, all new projects and programs to be developed to support the IAI new strategic objectives should be results-oriented interventions. In designing each training package, the following key principles should be taken into consideration:
- It is placed in a HRD context whereby a person's activities and tasks are linked to the strategy of the organization;
 - Trainees have the possibilities to use and apply the knowledge learned;
 - Regional and cultural differences, and sensitivities are taken into account;
 - Regional and national training and research institutes are involved and strengthened; and
 - There is strong regional cooperation (networking, communication, alumni networks).

5. Focus on Strategic Interventions. Given limited resources and time, it was recommended that in the next two years, the IAI WP II need to be more strategic, focused and results-oriented. Many stakeholders suggested that the IAI Work Plan be streamlined and only focus on five intervention areas, which are essential for the successful integration of CLMV socio-economies into the ASEAN Community. These priority areas are: a) Trade and Investment Facilitation; b) Agricultural Productivity and Market Integration; c) Public Sector Reforms; d) Labor Migration; and e) Social Inclusiveness and Gender Responsiveness.
6. Limited Capacity and Role of IAI&NDG Division. Initiative for ASEAN Integration is not a temporary project but a long-term affirmative action of ASEAN to narrow development disparities among the ten members. ASEC should devote more resources to and highlight the importance of this division. Currently, staffing with three professional personnel, the role of this division is limited to compiling list of priority actions and project reports and providing secretariat support to the IAI Task Force. To be able to implement the MTR recommendations, the role of this division will need to be redefined and the division itself needs to be urgently strengthened and capacitated.

A3. Gender and Social Inclusiveness Assessment.

IAI Projects could be used as pilot projects for developing more gender responsive and socially inclusive ASEAN activities. Even though there have been several gender responsive policies and mechanisms in place, they have not been operationalized and women and other marginalized groups are often left out in the design and planning of regional projects. For instance the Work Plan 2011-2015 of the ASEAN Committee on Women (ACW) intended as its overall objective “to influence the various pillars of the ASEAN Community Blueprints, especially the ASCC’s and the AMS so that there will be visible, credible and strong gender mainstreaming inputs to government, inter-government policies, programs and processes.” This remains aspirational. This situation, no doubt needs to be rectified by being proactive in the second half of the IAI WP II’s implementation period. In doing so, ASEC must be guided by ASEAN’s existing policies and plans related to gender and social inclusiveness as well as work in close coordination with other ASEAN bodies with mandates directly related to achieving such targets, like the ACW and ASEAN Commission on Women and Children (ACWC).

B. Recommendations

B.1 Proposed Strategic Objectives and Outcomes

The following strategic objectives and their corresponding outcomes are derived from the NDG/EED development gaps identified during the resource mapping and prioritization process. They aim to realign the IAI Work Plan II to directly support the IAI Strategic Framework and contribute to the overall IAI Goal i.e. “The CLMV countries meet ASEAN-wide targets and commitments toward realizing the ASEAN Community.” This study also reveals that many of the IAI WP II Actions have been and are being addressed at different levels – at national level using internal budget or through bilateral and triangular cooperation programs; at subregional level by subregional organizations and development partners; and at ASEAN-wide level through ASEAN owned initiatives and through dialogue and external partners’ assistance. All these programs and projects should be recorded, monitored and recognized by ASEAN and removed from the IAI Work Plan II – to avoid redundancy and duplication.

The MTR recommends that the IAI Work Plan II be refocused to only those outcomes presented below because they are strategic and important and have not been adequately addressed.

Strategic Objective 1: To strengthen capacity of CLMV in promoting trade and investment and in upgrading local production capacity and standards to meet regional and global requirements.

- 1.1 Improved import and export facilitation by developing a more integrated import and export services like harmonization of standards and transport and customs procedures, Rules of Origin, Cross-Border Transport Agreement and by upgrading its information technology system to provide better services to local SMEs and exporters.
- 1.2 Improved foreign investment facilitation by easing investment rules and regulations; enforcement of contracts, competition policy, dispute settlement, and government policy reform.
- 1.3 Enhanced Competitiveness of Local SMEs by promoting industrial clusters, specialized SMEs associations, export consortia, Cross-border Value Chains and SME subregional and regional network; and by facilitating the linkage between local SMEs with foreign investors and international buyers.
- 1.4 Enhanced capacity of CLMV government officials to implement ASEAN Framework Agreements on Good Agriculture Practices (GAP), Good Animal

Husbandry Practices (GAHP), Good Aquaculture Practices (GAqP) and to establish and harmonize Sanitary and Phyto-sanitary (SPS) measures.

In addition, it is strongly recommended that the ASEAN Regional Integration Support from the European Union (ARISE) and the PTB's Improving the Quality Infrastructure in ASEAN (Germany) pay special attention and provide more technical and financial support to CLMV in improving their capacity to put in place and operationalize ASEAN Framework Agreements on product standards and technical regulations and conformity assessment, quality assurance, accreditation and measurement of consumer goods and industrial products.

Strategic Objective 2: To enhance Civil Servant Capability in Public Service Deliveries and Reforms

- 2.1 Enhanced capacity of government officials in providing effective and inclusive public services to farmer groups, local SMEs and investors (Public service providers acquire demonstrated competencies in facilitation, coordination and regulation enforcement).
- 2.2 Enhanced capacity of government officials in engaging with Non-state Actors (Private Sector and Academic & Research Institutions) in areas related to regional cooperation and integration.

Strategic Objective 3: To enhance government officials' capacity in promoting market-oriented farming practices and facilitating subregional and regional market integration.

- 3.1 Rural farmers increase their income through organizing in farmer groups (Agricultural Associations, and Community-led Enterprises); employing modern farming practices and value added agriculture processing; and successfully integrating into regional value chains.
- 3.2 Contract-based farming arrangements and cross-border agriculture trade are well regulated and policies are enforced to benefit and protect both producers and contractors.

Strategic Objective 4: To ensure fair and comprehensive migration policies and adequate protection for all migrant workers

- 4.1 CLMV governments have effective outbound migrant workers registration and monitoring system in place and operational.

4.2 CLMV technical and vocational education and training (TVET) curricula and standards are improved and harmonized with ASEAN 6 TVET standards.

4.3 CLMV governments have effective overseas remittance facilitation and management system in place and operational

Strategic Objective 5: To make IAI WP II projects and programs recognize and address the different needs and priorities of women and other marginalized groups.

5.1 Gender inclusive and equitable development perspectives are reflected in the design, planning, implementation, monitoring and evaluation of IAI projects and programs.

5.2 Guidelines for gender and social inclusiveness in IAI projects/programs are in place and operational.

B.2 Resources Mobilization and Implementation Arrangements

a. Maintain the Momentum of Interests. During the MTR study, several dialogue and external partners and ASEAN – 6 have expressed their interests to fund programs/projects that would contribute to the achievements of the strategic objectives and outcomes listed above. It is recommended that those identified areas of interest be developed further into a concept paper or “Project Identification Note” (PIN) to be presented to potential donors. For instance, Germany has expressed interest in supporting a computerized IAI Project Database/Donor Mapping and sharing experience and expertise on TVET curricula upgrading and mutual recognition arrangement; Australia has expressed support for strengthening the IAI&NDG Division, operationalizing revised IAI WP II, and formulating post 2015 IAI Work Plan; India has signified its openness for further dialogue with the IAI&NDG Division to link its bilateral cooperation in CLMV with regional programs of the same nature; and Japan has indicated willingness to share their successful implementation of the Laos Pilot Programme (LPP) at national level and link the Lao’s GAP component with subregional and ASEAN GAP projects.

b. Promote Cooperation between ASEAN – 6 and DPs & EPs. To gain more commitment and ownership of the IAI Work Plan from ASEAN-6, the IAI Task Force should promote South – South, North-South and Triangular Cooperation among the ASEAN – 6 countries and between an ASEAN-6 country(s) with a dialogue/external partner(s). Under these arrangements, each project will be jointly planned, financed and executed by two or three partners. In recent years, many ASEAN – 6 countries have partnered with traditional

donors to complement on-going South-South Cooperation. The North-South Cooperation maximizes the use of OECD country expertise and tools and relevant experience and best practices of ASEAN-6. Concrete examples include Thailand and Malaysia with their advances in agricultural productive technologies, Good Agriculture and Postharvest Practices, specialized agriculture association management and their innovative public and private partnership models, should be used as development innovation hubs to identify, test and transfer agriculture technologies and management practices to the CLMV countries. Similarly, Singapore's state-of-the-art "TradeNet" national single window system should be used as a learning laboratory for CLMV. On the other hand, the Philippines' long and extensive experience in managing Overseas Filipino Workers (OFW) and remittance facilitation and management can provide an opportunity to team up with an OECD donor to share its good practices and system for CLMV in the areas of outbound labor migration registration and foreign remittance facilitation.

c. Revise IAI Project Guidelines. To be able to implement joint projects/programs and promote linkage between, and harmonization of regional projects, subregional projects and national projects, the criteria and appraising procedures in the IAI Project "Accreditation" need to be adjusted. This is to recognize and encourage a cluster/group/consortium of projects and programs as IAI "Accredited Intervention", such as the linkage and harmonization of ASEAN GAP projects (AADCP's Regional Project, MI's CLMV Project, and JICA's LPP, and ADB's Cambodia GAP) – which should be recognized as IAI projects and strongly encouraged. *It has been known that a stand-alone regional training program cannot bear fruits without technical assistance and application of skills at national level. Likewise, a good national project cannot be sustainable if its practices are different from what have been agreed regionally.*

d. Communication Plan. "Narrowing the Development Gap and Promoting Equitable Economic Development" between CLMV and ASEAN - 6 is not a short-term goal but an Affirmative Action of ASEAN for at least the next decade. Therefore, a good communication plan needs to be developed and operationalized in order to: place IAI issues and challenges in all ASEAN meetings; promote IAI Work Program in all major regional and subregional events; disseminate widely, IAI intervention results, changes, success stories and best practices; and actively mobilize resources for IAI projects and programs. The proposed or future IAI projects/donor mapping website would be a great communication tool to present the impact of IAI Work Plan, reveal its success stories and good practices and provide snapshots of IAI projects as well as those contributory measures at different levels.

B. 3 Strengthening the IAI & NDG Division

To enable ASEAN Secretariat to effectively coordinate the development and implementation of the IAI Work Plan, it needs to urgently strengthen and capacitate the IAI & NDG Division. Under this proposed institutional arrangement, the IAI & NDG Division will continue to functionally be accountable to the IAI Task Force and administratively report to the AEC Department. Led by a Head of Division, it should comprise two interrelated units - each managed by one Senior Officer, one Technical Officer and a Technical Assistant.

- a. The Donor Coordination and Monitoring Unit – will be responsible for establishing and maintaining an IAI Donor Database to include all IAI related projects/programs under national, subregional and regional levels; monitoring, following up and assessing results of all direct IAI accredited projects and programs against preset indicators of the corresponding strategic objectives and outcomes.
- b. IAI Program Planning and Resource Mobilization Unit – will be responsible for facilitating and coordinating project/program design, development and appraisal process. It will serve as the linkage between triangular parties, CLMV, interested ASEAN-6 members and potential dialogue/external partner(s) in identifying joint development interventions, conducting scoping studies, presenting and defending project proposals at the IAI Task Force/CPR meetings.
- c. National Focal Points/Antennas. There is a clear need to appoint a national antenna in each of the CLMV countries. The role of this antenna is to serve as a focal point of IAI projects/programs in the respective country; facilitate scoping studies and field visits of IAI related missions; maintain and update donor & IAI project database on projects/programs at the national level. Expenses for having these antennas should be included in the Computerized Donor Mapping Project.

To ensure that gender and social inclusiveness are mainstreamed into all new IAI projects and programs, it is recommended that a Gender and Social Inclusiveness Specialist position be added to this division, at least for the first two years, to facilitate this change. She/he should work closely with other gender related entities of ASEAN, especially ACWC which intends to develop ASEAN guidelines on how to mainstream gender in program, project planning and implementation.

B.4 Next Steps

To move forward and expedite the implementation of IAI WP II, the following immediate actions are recommended:

1. Strengthening the IAI&NDG Division by recruiting highly qualified professionals for the following positions
 - a. Senior Officer - Project Design and Planning
 - b. International/Regional Consultant - Gender Mainstreaming and Social Inclusiveness
 - c. Senior Officer – Results-based Monitoring and Evaluation
 - d. Two Technical Officers
 - e. Two Technical Assistants
2. Developing and implementing a Computerized Database on IAI Projects and Resource Mapping⁴. The IAI&NDG Division should conduct stocktaking and assessment of projects and programs being planned and or implemented in the CLMV countries that contribute directly to the IAI strategic objectives. Under each strategic objective, record and monitor all assistance programs at all three levels: national, subregional and regional. The mapping and computerizing of IAI projects/programs information will provide ASEAN, other donors, the CLMV governments, the private sector, research centers, and other potential users with important information about projects/ programs being undertaken. This IAI programs/projects mapping should then be developed further into an IAI Programs Database to be used as basis for monitoring and evaluation. The proposed Donor Coordination and Monitoring Unit and IAI Country Focal Points are responsible for maintaining and updating this database.
3. Using the donor database as reference, for each strategic objective/specific outcome, conduct an analytical assessment to identify implementation gaps at three levels: ASEAN – 10, CLMV and National.⁵
 - a. ASEAN-10 level projects with special focus on CLMV- for instance National Single Window, Customs harmonization, Product Standards and Conformity, GAP, GAHP, GAqP. These systems and standards have standing ASEAN level agreements and guidelines that need to be applied

⁴ MI is currently implementing a USAID-funded Computerized Donor Mapping on food security projects/programs in lower Mekong countries (CLMTV). This website can be used as an example

⁵ Adapted from a written feedback by Germany on 26 February 2014

by all AMS together. Identify the areas where the CLMV countries face challenges in implementation.

- b. CLMV-level projects - Gaps identification should focus on tasks where closer cooperation between the CLMV countries is envisaged and warranted, for instance, enhancing cross-border trade, facilitating the exchange of experiences, and strengthening consultation mechanisms for CLMV to more actively participate in the dialogue with ASEAN – 6 and DPs & EPs.
 - c. National level projects – to identify country specific challenges that cannot be overcome through subregional or regional projects but would have big implications on the successful integration of the country's socio-economy into the ASEAN Community.
4. Together with interested DPs & EPs and interested ASEAN–6, conduct scoping/feasibility study to formulate project concept papers/ PINs, indicators and targets and plan of action for each implementation gap (or cluster of gaps) mobilize resources to develop and implement these projects. It is anticipated that some of the projects can be initiated under the IAI WP II and many of the identified projects would have to be carried forward to the post-2015 IAI Work Plan.
 5. Develop post- 2015 IAI Framework and initiate the participatory IAI WP III formulation process and ensure that a well-developed IAI WP III is approved by ASEAN leaders during the 2015 Summit and is ready for resource mobilization and implementation in early 2016.

C. Conclusion and Lessons Learned

In the context of a changing world economic, political and development environment, there is a real danger that development challenges of CLMV countries are left unrecognized and neglected. Such situation would have a large negative impact on the development of the ASEAN Community. As originally designed, IAI has been a NDG & EED Framework for ASEAN – 6 to help the four new comers to catch up and be part of a truly ASEAN Community. It is inevitable that ASEAN – 6 will have to take the lead on these interventions so that they can produce tangible results and catch the attention of other development partners.

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Proposed Design and Monitoring Framework of IAI Work Plan II

| Design Summary | Performance Indicators | Data Sources | Assumptions |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impact: CLMV socio-economies are successfully integrated into ASEAN Community | <ol style="list-style-type: none"> 1. Decrease in development disparities between ASEAN – 6 and CLMV (PPP, HDI) 2. Decrease in development gaps between urban and rural, coastal and inner land communities in CLMV (4-I: Income, Infrastructure, Integration and Institution Gaps) | AEC Scorecard AIMO reports National Socio-Economic Reports, UN HDI | |
| Objectives: <ol style="list-style-type: none"> 1. To strengthen capacity of CLMV in promoting trade and investment and in upgrading local production capacity and standards to meet regional and global requirements 2. To enhance Civil Service Capability in Public Service Deliveries and Reforms 3. To enhance government officials capacity in promoting market-oriented farming practices and facilitate subregional and regional market integration 4. To ensure fair and comprehensive migration policies and adequate protection for all migrant workers. 5. To make IAI WP II projects and programs recognize and address the different needs and priorities of women and marginalized groups. | <ol style="list-style-type: none"> 1. Changes in trade and investment volume and % of contribution of CLMV to ASEAN trade 2. Change in ranks in 'ease of doing business' (WB Report) 3. Change in no. and volume of PPP investment projects; 4. Change in accessibility to and quality of public business development services by farmer groups, SMEs and exporters 5. Change in farming practices and agricultural productivity 6. Change in % and dollar value of contract-based farming and cross-border agribusinesses. 7. Change in no. of regular migration; 8. Change in no. and dollar value of oversea remittance thru formal channels 9. Change in % of IAI projects addressing needs of women and marginalized groups | To be identified during scoping study | <ol style="list-style-type: none"> 1. ASEAN - 6 continue to support IAI beyond 2015 2. IAI TF agrees to revise IAI project guidelines to accommodate joint projects and recognize linkage btw national and regional projects |
| Results: | | | |
| Outcomes of Objective #1 <ol style="list-style-type: none"> 1. Improved import and export facilitation 2. Improved foreign investment facilitation 3. Enhanced Competitiveness of Local SMEs 4. Enhanced capacity in implementing GAP, GAHP, GAqP, and S & SPS measures | <ol style="list-style-type: none"> 1. Decrease in procedures, required documents and times for import and export and cross-border transactions. 2. Increase in no. and dollar value of regional and int'l buyers using CLMV as production and market bases 3. Increase in no of SMEs clusters and dollar value of local SMEs trade through regional and global value chains 4. Increase in no. of producers applying GAP, GAHP, and GAqP. 5. Reduction of no. and volume of fresh products rejected by international buyers due to GAP, S & SPS reasons. | To be identified during scoping study | <ol style="list-style-type: none"> 1. ASEAN-wide projects/ programs continue to provide extra financial and technical support to CLMV. |
| Outcomes of Objective #2 <ol style="list-style-type: none"> 1. Effective Public Services Deliveries | <ol style="list-style-type: none"> 1. Improved level of satisfaction of public business development services by farmer groups, SMEs clusters, traders, and | Ditto | Decentralization and Deconcentration |

| Design Summary | Performance Indicators | Data Sources | Assumptions |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 2. Effective Non-state Actors Engagement | investors. 2. Increase in no. and volume of PPP investments 3. Increase in no. of academic & research institutions promote ASEAN Community 4. No. of business associations, academic and research institutions in CLMV accredited as ASEAN related entities | | policies of CLMV government continue |
| Outcomes of Objective #3 1.1 Rural farmers increase their income through organizing into groups; employing modern farming practices; and integrating into regional market. 1.2 Contract-based farming practices and cross-border agricultural value chains are well-coordinated and regulated. | 1. Increase of farmers H/H income by x% 2. No of new producers associations established 3. % of produce sold via different channels of value chains (cross-border value chains, contract-based arrangements, supermarkets, etc.) increase by x% | Ditto | AFTA, CBTA are promoted and other non-tariff barriers reduced to provide enabling environment for cross-border and regional trade |
| Outcomes of Objective #4 1. Outbound migrant workers registration 2. Mutual Skill Recognition Arrangement 3. Remittance facilitation and management | 1. No. of outbound migrant workers registered with government agencies increase by x% 2. No. and dollar value of oversea remittance thru formal financial institutions increase by x% 3. Increase in recognition of vocational skill curricula and standards of CLMV by countries receiving migrant workers (measured by payment and appropriate jobs) | Ditto | Cooperation of receiving country (e.g. Thailand) in registering migrant workers continues |
| Outcomes of Objective #5 1. Gender perspectives are reflected every stage of IAI project cycle. 2. Guidelines for gender and social inclusiveness in IAI projects/programs are in place and operational. | 1. % of IAI projects include gender perspectives 2. % of ASEC desk officers, sectoral working groups and DPs and EPs follow IAI Gender and Social Inclusiveness Guidelines | Ditto | |
| Outputs: 1. Trade and Investment Facilitation Capacity Development Plan 2. Public Services Delivery Capacity Development Plan 3. Modern farming system and regional value chain integration capacity development plan 4. Labor Migration Management Capacity Development Plan 5. Gender responsive and social inclusive Capacity Development Plan | <i>To be formulated by Scoping Study Mission</i> | Ditto | |
| Activities: <i>To be formulated by Scoping Study Mission</i> | | Inputs: | |

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I. INTRODUCTION

A. IAI and its Context: Why is IAI still relevant for ASEAN?

The IAI was launched by the ASEAN Leaders at the 4th ASEAN Informal Summit in Singapore in November 2000 to narrow the development divide within ASEAN and to enhance ASEAN's competitiveness as a region. To implement IAI, a first 6-year work plan (IAI WP I) was launched in 2002, followed by a second work plan (IAI WP II) in 2009.

While over the past 20 years, CLMV countries have experienced robust growth, and as a result the per capita income gap between CLMV and the ASEAN-6 countries has narrowed significantly from 11 times to 4 times, it will still take decades before per capita incomes of CLMV countries catch up with the ASEAN-6.

Per capita income is however only one component of the development gap in ASEAN. Recent studies show that CLMV countries lag considerably behind other ASEAN countries in other development areas. All CLMV countries need to strengthen significantly their macroeconomic policy frameworks and deepen and expand their financial sectors. They face huge challenges in developing their human capital to become more competitive and move to a stage of development where they can be innovative and produce higher value added goods. Also large gaps still exist in connectivity and infrastructure. In particular, institutions supporting "soft infrastructure" and improved logistics and trade facilitation require significant capacity building. Finally, labor policies and social safety nets lag behind and need to be developed. These development gaps are substantial and will continue to hinder plans for the creation of an ASEAN Economic Community (AEC) and will also hold back progress in regional cooperation efforts in the ASEAN Socio-Cultural and Political-Security Communities. As the ASEAN-6 countries make determined efforts to move beyond the middle income country status, CLMV countries risk being trapped at the low middle income country level.

It is also important to realize that in spite of obvious substantial progress achieved in narrowing the development gap in ASEAN over the past 2 decades, CLMV countries continue to face huge development challenges at a time when important changes have and are occurring in the world political and economic contexts. First, advanced countries are facing over the medium and long term important adjustments in their fiscal situation and their internal markets which is expected to slow down export growth of emerging markets to these countries. Second, in Asia itself important adjustments are occurring with probably slower growth in the future in some of the most dynamic Asian economies, though this might be accompanied by more openness to imports. Third, within ASEAN, the realization of the AEC in 2015 will

no doubt put significant competitive pressure on CLMV countries. The net impact of these world and regional economic developments on CLMV remains uncertain but there are important downside risks which require CLMV countries to accelerate their development efforts. Finally, there may be some perception among development partners particularly from advanced countries but also from some Asian countries, that Asia and ASEAN in particular, has reached a stage of development where support is no longer needed. Africa and some parts of Latin America are becoming, understandably, the focus for greater donor support.

In this context of a changing world economic, political and development assistance environment, there is a real danger that development challenges of CLMV countries are left unrecognized and neglected. Such a situation would have a large negative impact on the development of ASEAN. Only ASEAN as a regional entity can ensure that appropriate attention is devoted in its own support and in that of donors to CLMV development challenges. The need for enhanced outreach of the IAI to garner commitment and resources from all the stakeholders becomes even more critical at this juncture. Hence, the IAI is today in 2014 more relevant and important than ever before. Therefore also the strategic focus of the IAI, its operation and institutional set-up need to be reviewed to make it more effective and efficient. This mid-term review is thus timely and important.

B. The Methodology

The MI Mid-Term Review (MTR) team comprised three consultants: Dr. Suchat Katima, Team Leader and Project M&E Specialist, Mr. Apichai Sunchindah, Sustainable Development Specialist, and Ms. Mercedes Logarta, Gender and Inclusiveness Specialist. In addition, Dr. Jean Pierre Verbiest, MI Policy Advisor provided advice to the MTR on different regional development and cooperation frameworks and initiatives. This MTR was conducted from August 2013 to February 2014 and employed a triangular approach consisting of seven progressive steps:

1. Inception meetings and semi-structured focus group discussions. These inception activities were carried out in August 2013 in Jakarta and Bangkok. The team conducted meetings and semi-structured interviews with key stakeholders of the IAI. These included ASEC Officials, CPRs/IAI Task Force, DPs and EPs and managers of IAI related projects/programs. Guide questions were used to solicit written and verbal responses from the stakeholders.
2. Secondary researches. The team conducted these secondary researches to:
 - a. Review, stock-take and document the progress and status of the implementation of the IAI Work Plan II, existing institutional arrangements and monitoring and reporting mechanisms.
 - b. Review documents and reports of related initiatives, projects/programmes of ASEAN. These include progress reports on the implementation of different

- Blueprints and Work Plans, e.g. AEC and ASCC, MPAC, ASEAN SME WG, and ASCC Mid-term Report to find out their complementarity and/or duplication. Details of these initiatives are presented in **Annex 3**.
- c. Conduct a review and analysis of other regional, subregional and trilateral development projects and programs which focused on CLMV and might have implications on the IAI Work Plan II implementation and coordination. Details of each cooperation are presented in **Annex 4**.
 - d. Review national socio-economic development plans and strategies of each CLMV country. Brief information on each country development plan is presented in **Annex 5**.
 - e. Review and assess IAI Work Plan II-related programs and projects against ASEAN's Gender Mainstreaming and Inclusiveness policies and see whether gender perspectives have been incorporated into the program design, planning, implementation and monitoring and evaluation. Gender strategy and framework of ASEAN Gender policies and practices are presented in Annex 6.
 - f. Review and assess the IAI Rule of Procedures and Guidelines for IAI Project "Accreditation" and existing M&E systems employed in designing and developing new projects, keeping track of IAI implementation progress, reporting on program/intervention results and documenting and sharing lessons learned and best practices.
3. Online Survey. The online survey was conducted in September 2013 to obtain preliminary information about the awareness and perceptions of the IAI using REESI questionnaire. Respondents of this online survey represented various Community pillars namely, SEOM, SOCA, and SOM, as well as ASEC Desk Officers, CPR and Working Groups.
 4. Analytical Assessment. The MTR team conducted an analytical assessment of the implementation of IAI Work Plan II using REESI criteria and identified the gaps in prioritization and implementation.
 5. Resource and Intervention Mapping. The MTR team then mapped and analyzed the IAI Work Plan's key program areas and priorities against other ASEAN projects/programs, country priorities, and other subregional/CLMV related initiatives.
 6. Consultation Meetings. The first draft of the MTR report was circulated in January 2014, through the ASEC, to the IAI Task Force, SOM, SEOM, and SOCA members in all the AMS and to Jakarta-based DPs & EPs. Three consultation meetings were organized in February 2014 in Jakarta, Indonesia.
 - a. With members of IAI Task Force, representatives of SOM, SEOM and SOCA and ASEC Desk Officers. Fifty-seven delegates participated in this meeting;

- b. With Dialogue Partners and External Partners. Twenty-seven delegates from seventeen DPs and EPs participated in the meeting.
- c. With representatives of ACW and ACWC. Twenty-four delegates participated in this meeting.

The objectives of these consultation meetings are:

- a. To deliberate on the preliminary findings and recommendations of the MTR report
 - b. To seek primary feedback, comments, and recommendations from key IAI stakeholders.
7. Validation and Revision of MTR Report. Minutes of the meetings were sent out to all stakeholders who participated in the respective meetings to validate the comments and suggestions as well as to seek further recommendations. All feedback, comments, suggestions were then reviewed, analyzed and used as the basis for improving this final MTR report.

C. Limitations

The MTR had two main limitations: first, the findings and recommendations provided under this study are based on information and data collected and analyzed through the above methodology and process. As agreed during the MTR project inception, no field research at national level was conducted. Therefore, primary information and data were only collected through on-line survey, inception meetings and consultation meetings at subregional and regional levels; second, the MTR reviewed and assessed only the IAI Work Plan actual performance as officially recorded by IAI&NDG Division, reported to and deliberated in the IAI Task Force meetings. The number of projects and amount of fund for each project and the total amount of fund generated since the beginning of Work Plan II until September 2013 (as listed in **Annex 2**) were taken directly from the ASEC official reports and analyzed accordingly. Since the MTR was an evaluation of what had/have been done, all those pledging, commitments, pipeline money, etc., could not be assessed or counted as the actual achievement of IAI WP II Implementation.

It is therefore recommended that, soon after the endorsement of this report, a scoping study be conducted in each of the CLMV countries with the participation of concerned national line agencies, private sector associations and academic and research institutions to map out in detail, the pledges, commitments, and pipeline projects/programs that are contributing to IAI goals, identify implementation gaps and then set targets, indicators and formulate detailed plan of actions for each intervention area.

II. THE FINDINGS

The findings are presented in four parts: a) Implementation Status of IAI Work Plan II; b) Analytical assessment of 245 projects/sub-projects implemented/being implemented under IAI Work Plan II in addressing needs and priorities of CLMV; c) Results of REESI assessment; and d) Gender and social inclusiveness assessment.

A. Implementation Status of IAI Work Plan II

The ASEAN Heads of State at the ASEAN Summit in 2000 launched the Initiative for ASEAN Integration (IAI) with its objectives to narrow the development gap (NDG)⁶ and promote Equitable Economic Growth among ASEAN Member States (AMS). This initiative is driven by technical and development cooperation to address the development divide and accelerate the economic integration of Cambodia, Laos, Myanmar and Viet Nam. The IAI commenced with the Vientiane Action Programme 2004 – 2010, a medium-term development plan to realize the ASEAN Vision 2020, highlighting the strategic importance of narrowing the development gap. It includes specific regional cooperation activities aimed at assisting the CLMV to achieve closer economic integration, to benefit from ASEAN schemes for regional economic integration activities, to supplement national efforts directly aimed at poverty reduction and the promotion of equitable and inclusive development.

Efforts to narrow the development gap have been driven mainly by the IAI Work Plan. The first IAI Work Plan covering the period of 2002 – 2008 with a total of 134 projects/programs was successfully implemented with a total funding of USD 211 million. Of which, the ASEAN 6 contributed USD 191 million and USD 20 million came from DPs & EPs. At the beginning of IAI Work Plan, most of the outputs were determined by what the CLMV countries believed they needed to participate in ASEAN's integration measures and some were proposed by a number of the older members on the basis of what their agencies, institutions and personnel could deliver. The Work Plan concentrated on 'soft' infrastructure – training programs, institution building, studies, plans and policy measures (Severino, 2005).

The second IAI WP for the period 2009 – 2015 is aligned with the three Community Blueprints namely the AEC Blueprint, ASCC Blueprint and the APSC Blueprint. It has been formulated based on the key program areas in each of these Blueprints plus those of General Enabling Environment (GEA). Along with four general enabling actions, the IAI Work Plan II is composed of 182 prescribed actions that aim to support CLMV countries to better participate in the integration process. Out of the 182 actions, 19 are studies, 78

⁶ According to McGillivray, et al (2013) the development gap is defined in terms of differences in living standards or in the quality of life of ASEAN citizens. Quality of life is now recognized as being multidimensional, and involves improvement in the universally valued achievements of education, health and income.

are policy and implementation support, and 85 are training programs, apprenticeships and other capacity building activities (IAI, 2013).

As of September 2013, a total of 245 projects, with a total budget of USD 18,654,215 had been approved for implementation to support the priority actions in the WP II. Of these 245 projects, 216 (representing 62% of the entire budget or USD 11,678,645) have been completed while 29 (representing 37% of the budget or USD 6,975,570) were in various stages of implementation.

The lists of completed and on-going projects/programs under IAI Work Plan II are fully presented in **Annex 2**.

B. Analysis of IAI WP II Projects (2009 – Sept 2013)

As can be seen from Annex 2, among the ASEAN-6 countries Singapore is by far the most important contributor to IAI WP II projects amounting to around USD 11.5 million⁷, followed by Brunei Darussalam with about USD 1 million, and Indonesia and Malaysia chipping in about USD 620,000 each while Thailand and Philippines each contributed within the USD 350,000 to 375,000 range. Among the DPs & EPs, Japan is the most significant donor, alone providing around USD 1.4 million and also cost-sharing a certain portion with ASEAN-6 to a total of USD 1.1 million. The rest of the external parties made contributions to a sum of around USD 1.2 million.

Of the 182 actions in the IAI WP II, only 58 or 32% have been addressed by the 245 projects, leaving 124 actions or 68% unaddressed. The greatest challenge facing the IAI WP II is how it intends to increase its achievement rate in the remaining period of the timeframe up to 2015: in what specific sectors/areas, by what means and by when. In short, what are the priority activities and interventions to be carried out for the next two years?

The other major challenge is that IAI WP II, unlike its first phase, is the significant decline in terms of budgetary outlay. Phase I was able to garner a little over USD 200 million in total from both external and within ASEAN sources while Phase II has so far managed to secure only about USD 20 million,⁸ which is one tenth of Phase I resources.

⁷

Singapore made a total pledge of S\$ 168.4 million to both phases of the IAI cooperative framework including S\$ 80 million in Phase II, see http://www.scp.gov.sg/content/scp/iai_programmes/about.html.

⁸

Excluding pledges or pipeline projects that have yet been delivered.

B.1 Uneven Fund Allocation

A profile of 245 IAI WP II projects indicates that majority or 40% fall under the AEC Blueprint, followed closely by 34% belonging to the ASCC, 23% under GEA and 3% with APSC.. **Annex 2** shows the breakdown of projects and actions according to the 4 main categories of the IAI WP II.

An examination of the action lines addressed shows a skewing towards GEA, taking up almost a quarter of the total number of projects and consuming 20% of the total available budget but addressing only 2% of all the required action lines. In fact, only in the GEA category were all the actions fully addressed by the projects. In contrast, the ASCC category, while having the second largest number of projects and actions, had the least number of actions addressed (only 23%). With the exception of the Human Development section and particularly under the ICT and Civil Service sectors of the ASCC., actions under the other sectors were scarcely touched.

Even the AEC pillar with the highest number of projects implemented and number of actions addressed still have a number of sectors left without any project activity and thus had the second lowest percentage of actions addressed.

There is also considerable unevenness in the distribution of projects implemented by sectors/topical areas. One case in point is the predominance of tourism-related projects found under the *Services Sector*, in the Single Market and Production Base category of the AEC pillar. The same was observed though to a lesser degree, with projects on *Standards* in the *Goods Sector*. . Similarly under the ASCC, the civil service capability enhancement were mostly focused at the top echelon levels and under the GEA⁹, a disproportionate number of activities were devoted to English training courses. While no doubt improving English language proficiency is probably a high priority but should it be at the expense of other equally if not more important development priorities?

Even more noteworthy is for the *Civil Service Capability Building Sector*, where all the 37 projects were devoted to just one out of 8 action lines in that category and spending a sum of USD 2,417,467. This makes up 45% of the number and 28% of the budget of all ASCC projects.

⁹ General enabling actions include English-language training, attachment of CLMV officials from key government ministries at the ASEAN Secretariat, training on the formulation and management of projects, and development of indicators to measure the progress of NDG.

Another big item in terms of number of projects and budget allocated is the GEA category, totaling 57 projects and with a budget outlay of USD 3,776,288. It is presumed, subject to further verification, that most of the beneficiaries or participants of the GEA activities are civil servants of the CLMV countries.

The two items mentioned above have taken up 94 projects or a 38% share of the total so and using up USD 6,193,755 or 33% of the total budget available. More analysis and perhaps further in-depth information gathering can be done to validate the initial observation that civil servants likely gained the most out of the IAI project activities and if so, it would be rather difficult to demonstrate how these activities have actually benefited the common peoples of the CLMV countries. So narrowing the gap in this case may be more applicable to only government officials rather than the general public at large.

There were also some discrepancies in terms of budget figures, reporting status, project categorization or classification and other similar matters related to the presentation of the information which require further clarification and these are highlighted in **Annex 2**.

B.2 ASEAN-wide Monitoring Systems

Each of the three ASEAN Community pillars tracks the progress of the implementation of their respective blueprints but they all share a common monitoring system that only keeps account of projects and the corresponding actions addressed without any attention given to projects' relevance, performance and success, as in most standard monitoring and evaluation systems. The achievement or accomplishment rates reported would therefore have to be interpreted with certain caveats as indicated. While there are sections on IAI and NDG appearing in the AEC and ASCC blueprints, and where some form of progress tracking has been reported as in the scorecards and/or other implementation-based monitoring systems, the IAI WP II has no such M&E system in place and is reported on solely on a voluntary basis by the ASEAN – 6 and DPs & EPs. It should therefore be pointed out that the monitoring data used by the MTR study not only came from such a set up but also had been greatly limited by it.

It should be noted that while the MTR for the ASCC Blueprint conducted in mid-2013 indicated a good accomplishment rate for the 8 actions lines under the Narrowing the Development Gap (NDG) category in that blueprint, however most of these action lines are of generally of a policy nature rather than specific project activities like in the case of the IAI framework.

B.3 IAI and other Programs of ASEAN

ASEAN has established quite a number of sectoral and programmatic initiatives over the years which would have implications on the IAI/CLMV. The most important ones of which are the following:

1. MPAC

The Master Plan on ASEAN Connectivity (MPAC) came into existence in 2010 with the aim of promoting connectivity within the entire ASEAN region in the following three areas:- physical, institutional and people-to-people. The idea is that enhancing such connectivity linkages among the ASEAN countries would help address the issue of development gaps thereby contributing to the overall building of an integrated and cohesive ASEAN Community. A comparison of the relevant MPAC strategies with those of the IAI framework is shown in **Table I** of Annex 3. There is a good degree of overlap between the two schemes suggesting that close coordination is in order to foster synergies and mutual benefit. .

2. AFEED

The ASEAN Framework on Equitable Economic Development (AFEED), which came into being in 2011, is yet another initiative of ASEAN that addresses the Equitable Economic Development (EED) pillar within the AEC Blueprint by promoting more inclusive growth and sustainable development among its member countries. The latest key developments relating to AFEED can be summarized as follows:

- The World Bank has developed a Concept Note on Technical Assistance for Facilitating Implementation of the ASEAN Framework for Equitable Economic Development (AFEED).
- The proposed technical assistance will help ASEAN to establish a monitoring tool to implement the AFEED, which will include a set of indicators to measure equality and vulnerability of ASEAN in achieving the AFEED objectives.
- The AFEED indicators will be based on three pillars: (i) inclusive and sustainable growth; (ii) narrowing the development gap; and (iii) eliminating extreme poverty and vulnerability.

The above would indicate quite a number of similar features with the objectives and priorities of IAI framework and thus calls for the need to collaborate more closely between the two initiatives.

3. AMBDC

The ASEAN Mekong Basin Development Cooperation (AMBDC) framework was established in 1996 between China and all ASEAN Member States to promote economic integration among the Member Countries, thus helping to build the ASEAN Economic Community by 2015. The cooperation framework has contributed to the development of infrastructure and human capital in the sub-region while promoting inclusive and equitable growth in the region. It has also led to the international recognition of the subregion as a growth area. The emergence of growth areas such as the Mekong Basin has underscored the increasing interactions and linkages beyond national boundaries, injecting dynamism into the region.

ASEAN and China have emphasized the importance of strengthening economic partnerships in the Cooperation to promote and sustain development of the Mekong Basin. There are several sub-regional and national projects under the cooperation that still required funding. Countries recognized that mobilizing financing for the activities remains a priority and challenge for all. They emphasized the importance of collaborating with development agencies and the private sector to finance the various in-country projects as well as the cross-border platforms. ASEAN countries underscored the importance of inviting Dialogue Partners support in the projects of the AMBDC where assistance can be rendered in the form of capacity building and training.

There are obviously many things in common between the AMBDC and the IAI WP II as well as MPAC for instance which therefore accentuates the need for better coordination to ensure more effective implementation of the measures found in each framework.

4. MDGs

Like the other ASEAN initiatives mentioned earlier, the ASEAN Roadmap for the Attainment of the Millennium Development Goals (MDGs) also has certain features, priorities and activities which are similar to some of those stated in the IAI WP II as shown in **Table II** of Annex 3.

5. RDPE

Similar to the other ASEAN cooperation initiatives, the ASEAN Framework Action Plan on Rural Development and Poverty Eradication (RDPE) also share many things in common with the IAI WP II as indicated in **Table III** of Annex 3.

6. SMEs

The ASEAN Strategic Plan for SME Development likewise contains a number of components which relate to those found under IAI WP II as reflected in **Table IV** of Annex 3.

The afore-mentioned analysis demonstrates a plethora of various inter-related cooperative frameworks of ASEAN which share a lot of things in common and perhaps duplication as well. Real effectiveness of outcomes and results can thus be called into question from such multiple and apparently uncoordinated arrangements – basically creating a lot of heat but not much light. Some serious thinking to streamline these initiatives may be necessary in order to better ensure that time, efforts and resources are well spent to achieve genuine impact especially for the intended beneficiaries – i.e. the ASEAN peoples.

It would seem that IAI, being structured in a cross-sectoral manner inclusive of all relevant sectors across all three pillars of the ASEAN Community Blueprints, should step up its efforts to ensure better coordination to enhance more synergies, reduce overlaps and promote better efficiencies and effectiveness in the multi-varied efforts from both ASEAN as well as its external partners focusing on countries in the CLMV/Mekong sub-region. In this connection it might be helpful to consider reviving the Senior Officials Meeting on Development Planning (SOMDP), a body appearing in Annex 1 of the ASEAN Charter under the APSC, which met a few times in the latter half of the 2000s but then discontinued. The reason for proposing the consideration of such a body is because on matters of a cross-sectoral nature like IAI and focusing on narrowing the development gaps, it would seem that the planning agencies of the ASEAN member countries would be in the best position to provide the appropriate guidance and steering mechanism since they are normally geared towards producing the overall national development plans of each country.

One other observation is whether it might be better to mainstream IAI or CLMV into other existing ASEAN-led frameworks including the three ASEAN Community pillars, the MPAC, AFEED, SME, MDGs and RDPE frameworks since there are already bits and pieces of references to CLMV focus in some of the actions or priorities of many of the afore-mentioned schemes or even the various initiatives of the external parties. The positive side would be getting a special focus or attention appearing in all the main frameworks of ASEAN and perhaps also of the external donors which could ensure more buy-in and budgetary allocation. The downside could be the loss of a clearly identifiable CLMV/Mekong focused program if it is deemed politically necessary.

B.4 Trends and Prospects

The study team took note that the drastic reduction of funds for IAI WP II in no means indicate the reduction of commitments of ASEAN – 6 and DPs & EPs. Rather, it could be the result of the current limitations of the IAI project guidelines which exclude majority of the projects in CLMV and the reporting mechanism for IAI projects which only captures the actual cost of projects implemented as reported at the bi-annual IAI Task Force meetings. Data on different funding support and pledges for the CLMV / IAI taken from other sources support this contention: at the 19th ASEAN Summit in Bali in November 2011, Singapore pledged S\$50 million for IAI projects from 2012 to 2015 (SCP, 2014). In the last five years, Thailand has spent over US\$6 million per year funding capacity development projects in CLMV (TICA, 2013); Germany has already approved funding in total of EU12.4 million for two projects which directly support IAI¹⁰ from 2014 - 2017; the Swiss Government funded Mekong Region Land Governance Project in CLMV which started in January 2014, has the total fund of 16 million CHF; and the Mekong Institute, with funding support from New Zealand Aid Programme (NZAP) and Swiss Agency for Development and Cooperation (SDC) in total of \$6 million, is implementing 2 projects directly under IAI WP II.

Many ASEAN-wide projects and programs like the ASEAN GAP of AADCP II, RELATED of GIZ, and ARISE of EU also provide extra technical and financial supports to CLMV. For example, ARISE Component II which support the implementation of key regional liberalization and trade facilitation measures stated clearly that “ Activities carried out will target the ASEAN Secretariat, relevant ASEAN sectoral bodies and include follow up actions in specific ASEAN countries, *in particular for less developed ASEAN Member States (Cambodia, Lao PDR, Myanmar, and Vietnam).*”¹¹ The initiatives discussed above show that the IAI’s prospects for mobilizing more resources are far more promising than what the MTR team found in IAI official reports. This underscores the need to improve the current monitoring and reporting system that will provide a more accurate picture of all major projects and programs that contribute directly to the IAI goals.

¹⁰

1. Support to IAI within the framework of the ASEAN Single Market and 2. Regional Integration of Laos into ASEAN, Trade and Entrepreneurship Development

¹¹

Fact Sheet on ASEAN Regional Integration Support from the EU 2013 - 2016

C. REESI Assessment of IAI WP II Implementation

C.1 Impact of IAI

The REESI¹² assessment found that IAI Strategic Framework generated significant impact to the development of CLMV. While only \$231 million was accredited as funds for IAI projects since its commencement, there have been probably triple (if not more) amount of funds channeled to CLMV in the last decade through subregional programs, bilateral cooperation and triangular arrangements, that are contributory to IAI goals and objectives.

Following the launch of Vientiane Action Programme, several initiatives have been made to assist CLMV countries. These included development assistance from OECD countries like the Mekong – Japan Cooperation, the Mekong-ROK Cooperation, the U.S. Lower Mekong Initiative, the SDC Mekong Regional Program, the Australia Mekong Program and several other new projects under the Greater Mekong Subregion Economic Cooperation Program driven by ADB. The study also found that there has been a drastic increase in South-South Cooperation that focuses on helping CLMV to catch up with the ASEAN – 6 but are not included as IAI projects. Some examples include: the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS); the CLV Development Triangle, Lancang – Mekong Cooperation; the India-supported Entrepreneurship Development Institutes; the GMS Business Forum; and the Mekong Institute. Details of these subregional projects and programs are presented in **Annex 4. Figure 1** in the following page illustrates the ‘crowd-in’ of development assistance following the establishment of IAI Strategic Framework.

Majority of the respondents from the survey and key informant interviews further expressed that IAI has highlighted development disparities between the ASEAN-6 and the CLMV and acted as a special vehicle to mobilize resources and joint efforts to assist these new comers.

There are many IAI accredited programs and projects that were rated highly satisfactory with good impact on the development of CLMV human resources, for instance, the Singapore Training Centres, the Malaysia Technical Cooperation, the Indonesia South-South Technical Cooperation and Attachment Officer Program

¹² Standard Assessment Criteria being used by several international organizations and donors: Relevance, Effectiveness, Efficiency, Sustainability, and Institutional Building

supported by Brunei and Japan. In fact there are a lot more projects and programs in the Mekong Subregion that directly address IAI WP II priority actions but have not been acknowledged or recorded officially as IAI, such as the NZAP-funded “Capacity Development for Integrating CLMV Economies into AEC”, the ADB-funded Capacity Development Programs under Phnom Penh Plan (ADB-PPP), the Indian-funded Entrepreneurs Development Institutes in CLMV, JICA’s Laos Pilot Programme, GIZ’s RELATED Program and several subregional activities implemented under triangular cooperation.

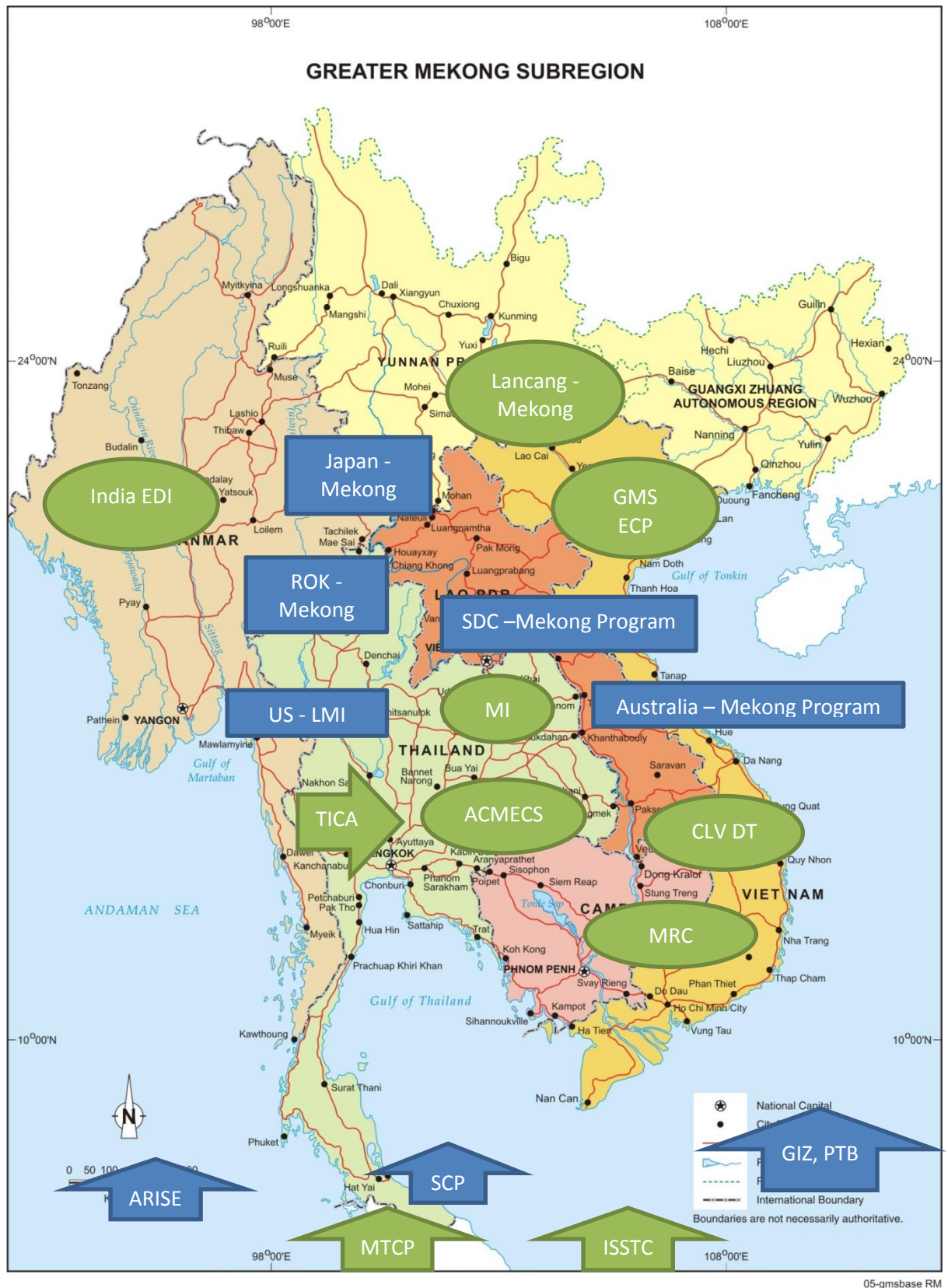


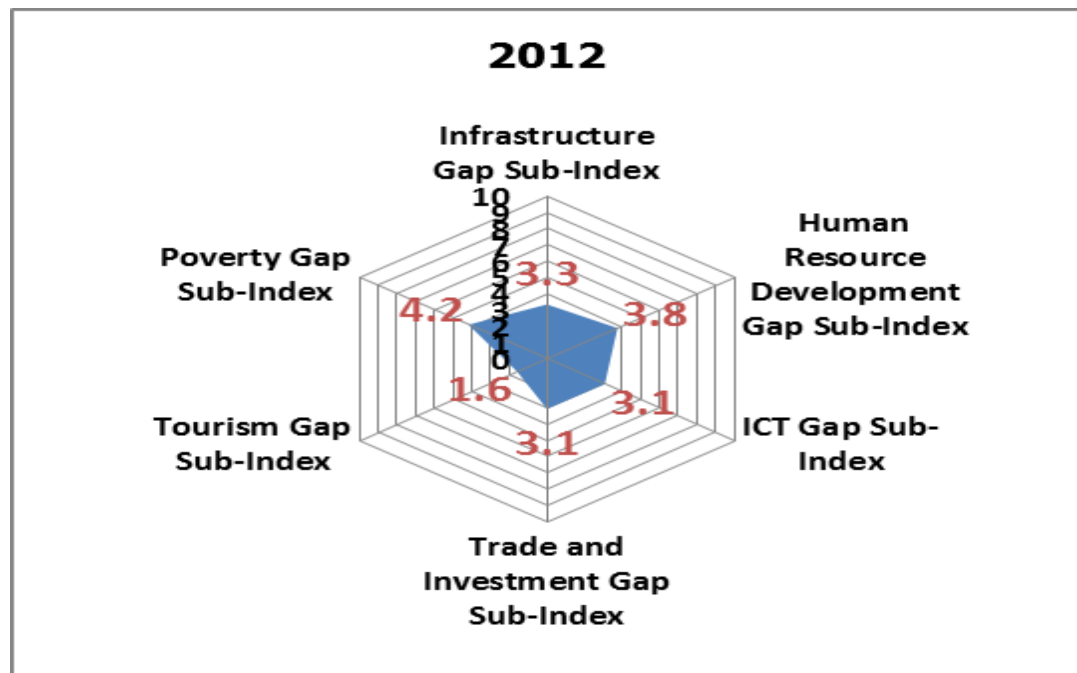
Figure 1. Development Assistance and New Initiatives in the Mekong Subregion

C.2 IAI Goals remain highly valid and significantly important

The findings confirm that the IAI goal and objectives remain highly valid and extremely important for the successful integration of CLMV into the ASEAN Community; for narrowing the development gap between the new ASEAN members and ASEAN-6; and for promoting inclusive and equitable growth within and among the AMS. This is a highly ambitious task considering the variance in development achievements between the richest and poorest ASEAN countries. For instance, Singapore has a per capita annual income that was almost 61 times higher than the poorest ASEAN country, Myanmar; in the EU it is only 1:8 (Dosch, 2013). In 2010, the proportion of people living under absolute poverty (\$1.25 per day in PPP¹³ terms) was 33.9 percent in Lao PDR and 28.3 percent in Cambodia (McGillivray, et al, 2013). McGillivray, et al (2013) further suggested that it would be at least two decades before we could see some significant convergence in most indicators. Even these numbers do not capture the vast gap between the wealthiest and poorest ASEAN members. Singapore, Thailand and Malaysia have some of the best public transport systems of any urban area, nearly universal wireless coverage, extensive access to broadband internet, national pension and health plans, and well-equipped hospitals. In contrast, in many parts of Myanmar, Laos and Cambodia, rural men and women have no access to modern health care and modern communications.

¹³ Purchasing power parity is the income converted to international dollars – one international dollar has the same purchasing power as one US dollar has in the United States. Data are in constant 2005 international dollars (ASEAN Brief 2012)

Figure 2. Narrowing Development Gap Indicators (NDGIs): Disparities between CLMV and ASEAN-6, 2012



Source: ASEAN Secretariat and OECD Development Centre.

<http://dx.doi.org/10.1787/888932937491>

As shown in Figure 2, the NDGIs and their sub-indicators for 2012 as analyzed by the OECD Development Center (OECD, et al, 2013) show that the gap between CLMV and ASEAN-6, remained widest for Poverty and Human Resource Development Gap at 4.2 and 3.8 respectively (where 0 denotes no gap and 10 the widest gap).

This calls for more concerted efforts on behalf of ASEAN and donors to the region to institute policies and programs that can narrow these gaps more expeditiously.

C.3 Issues and Challenges

As presented earlier, the IAI Work Plan II lags significantly behind the stated objectives and timelines. The REESI assessment meetings conducted with DPs and EPs and the IAI Task Force in August 2013 as part of the Review's inception meeting, identified a clear gap between the relatively high importance attached by both groups of stakeholders to IAI WP II and their average level of satisfaction with the actual achievements towards implementation. The areas that key stakeholders identified as being the least satisfactory and requiring improvements are: a) monitoring and evaluation system; b) cooperation and collaboration between IAI projects and other development assistance; d) involvement of non-state actors; e)

results-oriented; f) strategic interventions; and g) the planning process and institutional set up.

1. IAI Project Design, Appraisal, Monitoring and Evaluation

There is a great need for better monitoring and evaluation mechanism to appraise and accredit projects under the IAI; to monitor project implementation; and to report project outcomes.

1.1 Project appraisal and accreditation system. According to the Guidelines for IAI Projects for DPs & EPs (19 June 2013), only those projects funded by DPs & EPs have to undergo a complex project appraisal process which include a double approval processes (obtaining agreement from CLMV governments and then getting final approval from IAI Task Force) before getting accredited as an “IAI Project”. For projects funded by ASEAN – 6, there are no preconditions or mandatory appraisal or approval process so an ASEAN - 6 country can directly implement and report it as an IAI-accredited project. This double standard needs to be rectified to promote better understanding and establish a mechanism for North-South and Triangular Cooperation between OECD donors, ASEAN- 6 and CLMV. Guidelines for appraising IAI projects should be broadened to recognize that there are different development stages, needs, and priorities among CLMV and to encourage cooperation and linkage between regional projects and subregional and national projects.

There exists some gap between the IAI strategic framework and its actual operations. The status report of IAI Work Plan II by Program Areas shows that actual activities have predominantly dealt with capacity building. Meanwhile, the use of technical assistance for realizing the Work Plan remains quite rare (ERIA, 2013). Majority of the regional training courses conducted at regional level under IAI umbrella were stand-alone with no follow up provisions or post-training monitoring arrangement. It has been known among development practitioners that these kinds of capacity building activities are unlikely to produce tangible results without support for the application of newly acquired knowledge on the ground. Likewise, a good project at national level is not sustainable if the standards or practices introduced are not compatible with those agreed under ASEAN Framework.

It is therefore recommended that the IAI guidelines be revisited to provide conducive environment for cooperation and collaboration between regional projects and national projects of the same nature. As an example, the IAI &

NDG Division could serve as the link between ARISE's Support to the realization of a single market for goods with the Swedish Standards Institute's *Project on Trade Promotion through Standardisation* in Cambodia, Laos, and Vietnam and Cuts International's *Product Standards Improvement Project* in Vietnam.

1.2 Project Monitoring and Reporting System. At present, the monitoring and reporting system being used by the IAI&NDG Division is limited to outputs-based monitoring and on a voluntary declaration basis. Inadequate efforts have been dedicated for regular and rigorous assessment of the IAI project results. Several donors' development frameworks are now "results-based" or "Managing for Development Results". Today, any agency using taxpayers' money to perform development cooperation would be asked about the results of that cooperation. Good planning, timely service delivery and optimistic reports alone no longer provide sufficient justification. To continue to attract support from ASEAN – 6 and DPs & EPs, ASEC will have to have an effective monitoring and evaluation system in place to enable it to track progress and demonstrate the results of IAI projects in narrowing development gaps and improving equitable and inclusive economic development.

In addition to those projects listed in IAI monitoring report, there are many projects and programs at regional, subregional and national level that directly and indirectly contribute to the IAI&NDG objectives. The IAI&NDG Division needs to build its capacity to become an information hub and be able to conduct intellectual analysis of all these projects/programs' coherence, complementarity and coordination.

According to IAI&NDG report, there are only 18 projects initiated by DPs and EPs that fall under the IAI with a cost of approximately USD 3.9 million. In reality, a large number of major regional development programmes addressing many of the IAI Actions have been and are being financed by DPs & EPs and ASEAN – 6 and involve mostly all CLMV countries. Some examples include a number of triangular cooperation frameworks between ASEAN – 6 and OECD countries (e.g. TICA-GIZ, TICA-USAID, TICA-Singapore, TICA-NZAP, etc.) that provide assistance to CLMV countries, but are not reflected in the monitoring report. The Indian Government has been supporting the Entrepreneurship Development Centers in CLMV in the last 10 years (which addresses directly Action C.1 iv) but has never been reported.

This is a major shortcoming of the IAI as it is currently formulated. Overlooking a large number of CLMV assistance programs generates a lack of credibility in the IAI system and opens up for potential overlapping activities. While “dialogue partners” might be identified and recorded based on an ASEAN “administrative” regulation, in the area of development and poverty reduction all development partners should be recognized. For practical purposes, a full list of all contributors to NDG in CLMV might not be possible to be identified –including large NGOs- , at least the larger regional programs should identified and associated with the IAI. This means a significant redefinition of the coordinating role of the ASEAN Secretariat.

2. Coordination and Cooperation between IAI WP II Implementation and other development assistance to CLMV at regional, subregional and national levels.

The study found very few evidences on how lessons and possible complementarities from other regional and subregional projects/programs were credited for or incorporated into the current IAI project design and selection process. To synergize efforts, maximize resources, and avoid duplication, donor coordination on projects and programs that contribute directly to IAI is critical. To effectively plan a future IAI Work Plan, the IAI Task Force and the IAI&NDG Division need to gain a comprehensive overview of IAI/CLMV-related assistance and cooperation between IAI ‘accredited’ projects and contributory support measures at other levels. For instance, there is a great need to have a strong linkage and close coordination between the following projects: a) the ASEAN Good Agriculture Practices (GAP) funded by AADCP II to promote GAP ASEAN-wide; b) the Subregional Project on GAP funded by NZAP (MI) for CLMV; c) the Lao GAP funded by Japan; and d) the Cambodia GAP funded by ADB. This is to ensure that the same GAP standards and measures are established at regional, subregional and national level. Currently we have a QGAP, a Global GAP, an ASEAN GAP, a Thai GAP, and a VietGAP, each has some differences in standards, procedures and requirements.

Synergizing resources and expertise of DP(s) and member(s) of ASEAN – 6 is highly recommended to ensure complementarity and improve implementation efficiency. ASEC should facilitate the matching of dialogue partner commitments to available resources within the AMS. For instance, USAID and Singapore can jointly promote the National Single Window (NSW) by providing a series of capacity building workshops cum structured learning visits. Singapore’s NSW named “TradeNet” is a state-of-the-art integrated logistic system that can be used as the learning laboratory for CLMV officials from relevant agencies and private

logistic providers. Australia and Thailand, on the other hand, can jointly build the capacity of CLMV on ASEAN food quality and safety standards (GAP, GAHP, GAQP, SPS, etc.), areas that both countries have extensive experience in. ARISE and Malaysia can also use their joint pilot project ‘ASEAN Customs Transit System on the north-south corridor’ as a learning site for CLMV customs. Similarly, with financial and technical support from different donors, the Philippines could serve as a training ground for CLMV on labor migration management and skills recognition arrangements because of its extensive experience in managing their Overseas Migrant Work Program.

Another clear-cut observation is the plethora of activities and frameworks touching on the CLMV/Mekong geographic footprint – whether bilateral, trilateral, multilateral or otherwise – and undertaken both by ASEAN countries individually or collectively and in association with other partners and/or group of parties. It is obvious some form of rationalization and better coordination would be beneficial to ensure better targeting of programs with cost-effective outcomes and outputs. It might therefore be useful for IAI to consider taking on the function of a knowledge hub where information on all pertinent programs/projects implemented and planned by different entities are collected and put together into one common data repository, which can then be accessed by different interested parties. It should become quite evident that it is in the interest of all concerned if such common comprehensive database with a CLMV/Mekong geographic coverage is available and that the information is updated regularly to ensure its validity and usefulness. To carry out such functions would require a transformation or restructuring of the IAI Division as elaborated in a separate section of this report

3. Meaningful Involvements of Non-state Actors

It is imperative that other non-state actors need to be brought in to expedite inclusive development in CLMV. For instance, when engaging the private sector, CLMV governments should focus on its potential role in building up infrastructure. According to Development Asia (ADB, 2012 p8) even slight improvements in infrastructure can bring great benefits to the poor. It has been long recognized that water shortages, power outages, crumbling roads punish the destitute far more than the middle class and rich who can afford bottled water, generators, and four-wheel-drive vehicles.

Closer coordination is needed with business leaders and private sector organizations. The private sector has been the main engine of ASEAN economic

integration – in building industries and fostering growth and competitiveness. However, majority of business enterprises in CLMV are domestic and resource-oriented, with limited capacity to do business beyond national borders. Their national chambers of commerce and industries and business associations are still in their early stages of development and need special support. Academic and research institutions in the subregion are likewise, fragmented and have weak links to academic and research networks in the region. According to the ASEAN Secretariat report, as of October 2013 (ASEC Website, 2013), ASEAN-related institutional bodies included 8 centers, 20 business entities, 58 civil society organizations, and 13 other organizations. *None of these entities belong to or come from CLMV.* This area needs attention and support to help facilitate the integration of CLMV into the ASEAN Community as well as to help in “... realizing an ASEAN Community that is people-centered and socially responsible with a view to achieving enduring solidarity and unity among the nations and peoples of ASEAN...” (ASCC Blueprint)

4. Results Oriented.

Majority of the 254 projects implemented under the umbrella of IAI are training and related to capacity development activities for CLMV public officials. To be effective, capacity development has to go beyond training and study visits. It needs to build competencies of individuals, strengthen participating organizations’ systems and practices, support institutional and policy changes, and establish a “Community of Practices” and networks among professionals. While it is all right to continue those trainings and related activities currently provided by institutions commissioned by ASEAN – 6, all future projects and programs that support IAI new strategic objectives should be focused, strategic and results-oriented. This would require multi-dimensional interventions that include regional training and workshops to promote specific ASEAN-wide Framework Agreement(s) plus technical assistance at national level to ensure that CLMV acquire adequate capacity to implement the agreed standards, rules, and procedures on the ground. These results-oriented interventions call for joint-implementation with other regional, subregional and national projects of the same nature.

In designing each training program, the following key principles should be taken into consideration:

- It is placed in a HRD context whereby a person’s activities and tasks are linked to the strategy of the organization;

- Trainees have the possibilities to use and apply the knowledge learned;
- Regional and cultural differences and sensitivities are taken into account;
- Regional and national training and research institutes are involved and strengthened; and
- There is strong regional cooperation (networking, communication, alumni networks).

5. Focus on Strategic Interventions.

All key stakeholders realize that the implementation of the IAI WP II is behind schedule, with only 58 (36%) of the 182 actions prescribed having corresponding projects. This was shown in the responses of majority of the key informants who opined that the CLMV priority actions are unlikely to be completed on schedule. Several DPs & EPs expressed difficulty in matching the actions with their development strategies and thrusts because the IAI WP II consists of many small activities reflecting specific needs of individual countries. DPs & EPs normally plan longer-term broader programs and cannot always easily fit in specific individual activities into their existing, ongoing programs, even though CLMV development and NDG and EED are strategic foci of several donors.

While all the 182 actions, encompassing the three AEAN community pillars and general enabling environment, are important, research respondents acknowledged that the CLMV are in different stages of development and therefore have different needs and priorities. In the case of Cambodia for example, economic diversification, agriculture, natural resources and inadequate institutions and governance are identified as key priority areas for their longer-term growth as discussed in their Rectangular Strategy. Similarly, Lao PDR has to urgently improve macroeconomic management, investment and business climate, and natural resources management; Myanmar has to address their need for a land law, investment regulatory framework and financial market; and Viet Nam must address macroeconomic management, food safety, standards and climate change. Being a static document, the current IAI Work Plan does not include many of these areas.

On the other hand, many areas may be considered as common needs and can be jointly addressed. These include mutual skill recognition arrangement (MRA), standards and conformance measures and sanitary and phytosanitary (harmonization and mutual recognition arrangements, etc.), development of legal frameworks for freer trade and investment, investment facilitation measures and protection. In these fields, it is very important to develop the same capacity and systems for all AMS and should be the focus of the IAI Work Plan.

On another hand, in other specific development issues, it may be more applicable for one state than the other and should be deal bilaterally or trilaterally through South-South or North-South cooperation. For instance, the capital account liberalization issues proposed by Viet Nam under the freer flow of capital program, including training on derivative tools would be too advanced for CLM, given the developments in their financial sectors. In the same logic, training on railway management (B.4 Action iii) maybe applicable for CMV but would be too early for Lao PDR.

Other priority areas like customs reforms and harmonization of transport and customs procedure have already been addressed and supported at the ASEAN level, so CLMV should not be singled out but be given extra support. Since 2005, up to 2000 technical assistance and capacity building projects in about 50 different sectors have been undertaken to achieve customs-related goals as set out in the AEC Blueprint and related agreements. Virtually all of these interventions have been funded through multimillion-dollar donor programs including the ASEAN Programme for Regional Integration Support (APRIS), Phase II (EU) and now ARISE, the ASEAN Trade Pilot Program Single Window (USAID) and the ASEAN-Australia Development Cooperation Program Phase II. However, for all ASEAN-wide programs/projects, it is recommended that additional actions and corresponding budget allocations be made for CLMV to ensure that they have the necessary human resources and institutional capacity to implement the measures agreed upon under these ASEAN Framework Agreements.

Given limited resources and time, it is recommended that IAI WP II need to be more strategic, focused and results-oriented. Many stakeholders suggested that IAI Work Plan be streamlined and only focus on five intervention areas, which are essential for the successful integration of CLMV socio-economies into the ASEAN Community. These priority areas are: a) Trade and Investment Facilitation; b) Agricultural Productivity and Market Integration; c) Public Sector Reform; d) Labor Migration; and e) Social Inclusiveness and Gender Responsiveness.

6. Limited Capacity and Role of the IAI & NDG Division

The current institutional arrangement includes:

a. IAI Taskforce.

The Taskforce (TF) comprises the Committee of Permanent Representatives (CPR) to ASEAN. Reports to the ASEAN Coordinating Committee (ACC), the TF assists the ASEAN Foreign Ministers in implementing the agreement of the ASEAN Leaders on the IAI to narrow the gaps within ASEAN and ‘provide a framework for regional cooperation through which the more developed ASEAN members could help those member countries that most need it’. Its TOR includes carrying out all policies, directives and decision of the ACC on IAI; developing

activities and programmes for the IAI Work Plan; providing guideline and direction to the IAI & NDG Division; monitoring the implementation of IAI WP and reviewing and endorsing IAI projects and programmes; pooling resources and working with dialogue partners and other stakeholders in resource mobilization and IAI project implementation arrangements; and cooperating with other ASEAN bodies set up within the IAI framework (IAI TF, 2009)

- b. The IAI & NDG Division of ASEC serves as the Secretariat to the IAI TF, and assists the IAI TF to monitor and coordinate the implementation of projects and activities of the IAI Work Plan. The Division is staffed with one Assistant Director, one Senior Officer, one Technical Officer and one Assistant. The division has a mandate to facilitate cooperation and activities related to NDG which includes the IAI (focus on CLMV) and other Sub-regional Frameworks, including BIMP-EAGA, GMS, IMT-GT and coordinate NDG policy and programs across all three ASEAN pillars.

The study reveals that the current set up has the following rooms for improvement

- a. Since IAI Work Plan encompasses all three AC pillars and most of the actions related to other sectoral working groups outside the mandate of Foreign Affairs and CPR, it is vital that a mechanism should be in place to involve concerned sectoral working groups from project conceptualization to implementation and evaluation. To respond to the national priorities and needs, it is also vital to have the active involvement of national planning agencies like the Ministry of National Planning and Economic Development of Myanmar, the Cambodia Development Council, the Ministry of Planning and Investment (MPI) of Lao PDR and the Ministry of Planning and Investment (MPI) of Viet Nam. Like their counterparts in ASEAN – 6, the NESDB of Thailand and NEDA of the Philippines are the agencies directly responsible for developing and monitoring medium and long-term national socio-economic development plans of their respective countries.
- b. Initiative for ASEAN Integration is not a temporary project but a long-term affirmative action of ASEAN to narrow development disparities among the ten members. ASEC should devote more resources to and highlight the importance of this division. Currently, staffing with three professional personnel, the role of this division is limited to compiling list of priority actions and project reports and providing secretariat support to IAI Task Force. To be able to implement the MTR recommendations, the role of this division will need to be redefined and the division itself needs to be urgently strengthened and capacitated.

D. Gender and Social Inclusiveness Analysis

An examination of the IAI Work Plan shows that there are ten actions and one objective that give reference to or mention gender and these are under the two pillars of ASCC and APSC:

1. IAI - ASCC Blue Print section:
 - 1.1 A4 iv, v, and vi; A6 i and ii; A7 i
 - 1.2 B1 ii; B2 i; B5 iii
 - 1.3 C1
2. IAI - APSE Blue Print section A ii

A full version of the gender related actions are shown in **Annex 6**.

Unfortunately, most of these actions were hardly addressed or translated into projects. Based on the titles of IAI projects implemented or are being implemented, only two out of 245 projects suggest some focus on gender, one under AEC and the other under ASCC. An additional two projects under APSC are also assumed to have a gender component based on the explicit mention of the UN Convention on the Elimination of All Forms of Discrimination Against Women or CEDAW in the statement of the action that they address, bringing the total number of projects with a gender perspective to four. Even if these projects are assumed to have undergone gender analysis in their development process, they would still constitute a very small proportion of IAI projects / actions with a gender perspective.

In fact, the total cost of these four projects, USD 108,413, represents a very small 0.6% of the overall budget of USD 18,654,215 utilized during the first half of IAI WP II's implementation period.

In the absence of project documents and completion reports, the MTR found it useful and informative to examine the ASEAN project appraisal and approval process (13 March 2013). The process involves multiple steps and has a duration of four months and one week for single sector projects and four months and three weeks for projects involving multiple sectors. The two main stages in the overall process are the pre-appraisal (which checks for compliance with the required format and proposal components) by the Pre-appraisal Meeting (PAM); and the appraisal stage (which looks into relevance, regionality, attainment of results, cost efficiency, impact, sustainability and other strategic issues pertaining to the project) which is carried out by the Project Appraisal Committee (PAC). None of

these numerous guidelines and corresponding time allocation explicitly acknowledges the need for a gender perspective.

The project template and the appraisal process requires a section on problem analysis but does not provide any specific steps on how to carry it out nor does it offer any guidelines how the needs of women and other marginalized sections of the target population may be taken into consideration. This fact accounts for, at least in part, the lack of a gender perspective in the projects.

D.1 Comparative Analysis of Initiatives for Women and ASEAN Blueprints.

ASEAN has long recognized the importance of women's rights and gender equality as evidenced by its policy commitments and organizational agreements. The IAI situation described above therefore illustrates a serious gap between practice (the IAI WP II attention to gender) and policy.

ASEAN has two key declarations to show its commitment to gender equality. These are:

- *1988 Declaration of the Advancement of Women in the ASEAN Region*
- *2004 ASEAN Declaration on the Elimination of Violence Against Women in the ASEAN Region*

The 1988 Declaration “recognizes the importance of active participation and integration of women in the region in sharing the future development and progress of ASEAN and the necessity of meeting the needs and aspirations of women in the ASEAN Member Countries”. The second Declaration acknowledges, “violence against women is an obstacle to the achievement of equality, development and peace.”

The situation of women and children in relation to specific issues or sectors are also widely acknowledged and recognized in several other instruments such as:

- *ASEAN Declaration Against Trafficking in Persons Particularly Women and Children, 2004*
- *ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (with references to gender equality and women's rights), 2007*
- *Hanoi Declaration on the Enhancement of the Welfare and Development of ASEAN Women and Children, 2010*
- *Declaration on Strengthening Social Protection, October 2013*
- *Declaration on the Elimination of Violence Against Women and Children in ASEAN, October 2013*

The two main instruments above are both anchored on the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)¹⁴ and the Beijing Platform of Action (BPoA).¹⁵ They have guided the work on gender in the ASEAN, as they were initially operationalized through two work plans (2005-2010):

- *The Work Plan to Operationalize the Declaration on the Elimination of Violence Against Women in ASEAN (DEVAW Work Plan) and*
- *The Work Plan on Women's Advancement and Gender Equality (WAGE)*

With the timeframe of the plans completed, the gains, achievements and remaining targets were subsequently carried through its current version, the Work Plan 2011-2015, which is now being implemented by the ASEAN Committee on Women (ACW).¹⁶

With this new Work Plan (2011-2015), the ACW intended as its overall objective “to influence the various pillars of the ASEAN Community Blueprints, especially the ASCC’s and the AMS so that there will be visible, credible and strong gender mainstreaming inputs to government, inter-government policies, programs and processes.” The plan therefore is structured in such a way that it is aligned with relevant action lines under the ASEAN Socio-Cultural Community Blueprint (ASCC). It includes items that correspond to actions in all of the 6 priority areas in the Blueprint. For details, see Table 1 The ASCC Blueprint and the ACW Work Plan.

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The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) is a human rights treaty adopted by the United Nations in 1979 and took effect on Sept 4, 1981. As of June 2013, it had 187 state parties that have signed the convention agreed to implement the provisions of the treaty, including Cambodia (1992), Vietnam (1982), Lao PDR (1981) and Myanmar (1997) and all members of the ASEAN 6. (http://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=IV8&chapter=4&lang=en)

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The Beijing Platform of Action (BPoA) is the resulting document of the Fourth World Conference on Women in Beijing, China in 1995 and adopted in consensus by the United Nations. It represents the international community’s commitment towards the promotion of women’s welfare and the promotion of gender mainstreaming as a strategy to ensure that a gender perspective is reflected in all policies and programs at the national, regional and international levels.

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The ASEAN Committee on Women (ACW) which serves as the primary coordinating and monitoring body on key regional priorities and cooperation in women’s issues and concerns. It started out in 1976, first as the *ASEAN Sub-Committee on Women (ASW)*, then it was renamed the *ASEAN Women’s Program (AWP)* in 1981, until it finally evolved in 2002 to what it is today.

<http://pcw.gov.ph/international-commitments/acw>

Table 1. The ASCC Blueprint and the ACW Work Plan

| Priority Areas in the ASCC Blueprint | ACW Work Plan Objectives with reference to ASCC Blueprint Objectives |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Human Development | A.1.11 <i>vi. Supporting the development of more holistic and strengthened gender-sensitive curricula that are relevant to enabling boys and girls and young women and men respond to persistent and new forms of gender-based discrimination in an era of globalization and economic integration</i> |
| | A.6.16 <i>ii. Strengthening economic development among women through linking micro-enterprise development and management with the delivery of services, access to market, social protection and decent work</i> |
| Social Welfare and Protection | B.1.19 <i>i. Contributing a gender agenda to the development of an ASEAN Roadmap towards realizing a set of expanded targets around MDGs Plus leading to the 2015 global review</i> |
| | B.1.19 <i>vi. Strengthening ASEAN cooperation in microfinance including networking between microfinance institutions aimed at addressing feminized poverty at the grassroots level</i> |
| Narrowing the Development Gap | (F.47.vii) Both sub areas above will contribute as well to the assisting the governments of CLMV countries to build and strengthen capacities to develop social policies |
| Social Justice and Rights | C.1.27 <i>ii. Sustained work on commitments to the DEVAW Work Plan will be undertaken</i> <i>x. Continue improving the quality and availability of sex disaggregated data</i> <i>xi. Promoting and enhancing the percentage of women's participation in political decision-making</i> <i>xii. Incorporating gender perspective in national and regional policies, programmes, and plans through strengthened gender analysis</i> |
| Ensuring Environmental Sustainability | D.1.31 <i>iii. Promote a gender perspective as an input to the development of an ASEAN common understanding and positions on relevant MEAS especially in light of the upcoming Rio Plus 20 Review Meeting in 2012. Encouraging an ASEAN common understanding on climate change issues including natural disasters will also be focused on.</i> |
| Building the ASEAN Identity | E.1.43 <i>xxvii. Focus on including art work and studies on women's contribution to ASEAN arts and culture will be carried out</i> |

Though formulated and closely coordinated with the ASCC Blueprint, the ACW WP and the IAI WP II only intersect in one item, that is ASCC BP A6.16.11 (see above) where the IAI Work Plan states

“Establish an entrepreneurship forum by 2010 for entrepreneurs who are women, youth and elderly and persons with disability of ASEAN 6 to share their experiences and assist their CLMV partners in the way of doing business effectively, including use of microcredit, access to seed capital and the market.”

In addition to the ACW whose mandate and plans have already been discussed above, there are other ASEAN entities with mandates related to gender and therefore can be tapped in project development, funds mobilization, implementation, and monitoring projects.

ASEAN Commission on the Protection of Women and Children (ACWC)

The ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC) was established in 2010 as an integral part of the ASEAN organizational structure. It is composed of two representatives from each AMS, one specializing on women’s rights and the other, on children’s rights. As the main body in ASEAN tasked with the promotion of the rights of women and children, the ACWC has a mandate that includes 16 specific functions. *The ACWC mandate and functions are presented in Annex 6.*

Like the ACW, the ACWC has its own work plan covering the period 2012 -2016. Although the work plan is not readily aligned with or formatted like the IAI WP or any of the ASEAN Community Blueprints, it is comprehensive and includes 18 thematic areas involving women’s and children’s rights to be addressed through 23 actions. The themes intersect with thematic areas under the different ASEAN pillars: the feminization of poverty, women’s rights to land and property, etc. under the AEC; health and disability, violence, labor migration, trafficking, education, culture, religion and climate change / natural disasters, etc. under the ASCC; and law enforcement, prosecution, protection, legislation, policy, security, etc. under APSC.

Interestingly, the ACWC work plan also acknowledges the work of other ASEAN bodies such as the Senior Officials’ Meeting on Information (SOMRI), the Senior Officials’ Meeting on Education (SOM-ED), the Senior Officials’ Meeting on

Health and Development (SOMHD), the ACW, etc. as well as the work of UN bodies and international NGOs, cross references them in their own work plan and takes into consideration how these may duplicate or be coordinated with their own efforts.

It should be noted that one of thematic areas identified in the ACWC Work Plan is ***Gender Mainstreaming*** where they intend to develop ASEAN guidelines on how to mainstream gender in programs, project planning and implementation.¹⁷

These two plans should be carefully reviewed together with the IAI's strategic objectives recommended by this MTR for common priorities in order to identify possible opportunities for synergy and increased efficiency. They should also provide guidance and clarity in terms of the direction to the gender component of the IAI WP II within the overall context of ASEAN.

ASEAN Women Entrepreneurs' Network

The ASEAN Women Entrepreneurs' Network was established on October 2012 in order to improve the capacity of ASEAN women entrepreneurs and boost ASEAN women entrepreneurs' development and networking through the Network's activities (Vision). The purpose and scope of the network are also presented in **Annex 6**.

It is a regional network of national women entrepreneurs' associations and/or micro, small and medium-sized enterprises, associations, clubs and/or other economic entities owned or managed by women in all economic sectors in the ASEAN region. As such, they can play a possible role in identifying the specific needs of women and other marginalized groups in the economic sector and under the AEC pillar.

Other ASEAN Sectoral Bodies

As acknowledged in the ACWC Work Plan, there are other entities within the ASEAN structure that are simultaneously carrying out activities related to gender and youth. These include the SOMRI, the SOM-ED, the SOMHD, as well as the ASEAN Ministers' Meeting on Rural Development and Poverty Eradication, the ASEAN Ministers' Meeting on Social Welfare and Development and the ASEAN Ministers' Meeting on Women. It is important to note that these various ASEAN bodies have addressed and are addressing gender-related actions linked with their

¹⁷ Malaysia leads this activity that was targeted for 2013 but remains unimplemented because of lack of funding support.

respective mandates, in the ASCC Blueprint but the work of these ASCC bodies seemed to have little or no interphase with the IAI WP, which is under the AEC.

D.2 Gender in the CLMV Context

There is also ample opportunity for synergy in gender programming with the CLMV, whose respective development planning contexts provide a conducive environment for addressing many gender issues under the four pillars. In fact, integral to the strategic socio-economic development plans of most if not all of them, are their strategic plans for achieving gender equality and women's empowerment.

The **Royal Government of Cambodia's** (RGC) strategic development framework, the Rectangular Strategy for Growth, Employment, Equity and Efficiency (Phase II, 2009-2013) calls for the implementation of a gender policy as part of one of its focus areas, "Capacity Building and Human Resource Development." The policy constitutes a five-year strategic plan for gender equality and empowerment of women, the *Neary Rattanak III*, and gives attention to the following strategic priority areas:

- Economic empowerment of women
- Enhancing women's and girls education
- Legal protection of women and girls
- Promotion of women's and girls' health
- Promotion of women in decision making

The strategy calls for gender to be mainstreamed in national policies, programs and sectors to facilitate the achievement of the objectives of the five strategic areas. This current phase of the plan also identifies continuing challenges that need to be addressed (national capacity for gender analysis, strengthening of research and advocacy, harmonization of gender mainstreaming plans per sector, etc.) for which the IAI can be tapped in terms of experience sharing, coordination and possible resource mobilization.

Similarly, **Viet Nam** has its National Strategy on Gender Equality (2011-2020) which is considered an important part of the National Socio-economic Development Strategy. In aiming to provide equal access for women and men to opportunities, participation and benefits in the political, economic, cultural and social spheres, the strategy seeks to achieve the following objectives:

- To intensify women's participation in managerial and leading positions in order to gradually narrow the gender gap in the political field
- To narrow the gender gap in the economic, labor and employment domains; to increase access to rural poor women and ethnic minority women to economic resources and the labor market
- To raise the quality of female human resources, gradually ensure equal participation in the education and training between men and women
- To ensure gender equality in access to and benefit from healthcare services
- To ensure gender equality in the cultural and information domain
- To ensure gender equality in family life, gradually eliminating gender-based violence
- To enhance the capacity of gender equality of state management

Like the National Socio-economic Development Plan, the Strategic Plan for Gender Equality is timed in two phases, 2011-2015 and 2016-2020, with the later inputs designed to build upon the results of the initial period. Specific projects have also been identified to be developed or are in the pipeline, namely: project on gender awareness raising; capacity building on gender for state management; project on capacity building for female deputies of the National Assembly and People's Councils at all levels (2016-2020 tenure) and potential women cadres for future promotion; project to support gender equality in domains, sectors, regions and localities with highest gender disparities; and project to support the formulation and development of gender and assistance services

In *Lao PDR*, the National Commission for the Advancement of Women (NCAW) was established in 2003 in order to lead the mainstreaming of gender in government. NCAW, in tandem with the Lao Women's Union, aims to provide women equal opportunity and access to the national development process.

Together with its 7th Five-year Socio-economic Development Plan (2011-2015) Lao PDR also formulated their 2nd Five-year National Strategic Plan for Promoting Women, 2011-2015 (NSAW), which includes four programs, namely:

- Development of information system, sex-segregated statistics, advocacy and dissemination, awareness raising, movements to promote gender equality and women empowerment to participate in all fields
- Institutional and personnel strengthening for those promoting women advancement
- Ensuring gender equality and women empowerment to participate in all fields
- Fulfillment of obligations of Lao PDR under the CEDAW Conventions

and other international conventions pertaining to women

Even the most recent member, **Myanmar** has gender-related development goals, which seeks to “eliminate gender gaps and gender inequality in education”, as part of its sustainable social development goal of their National Sustainable Development Strategy, August 2009. The strategy prioritizes the following activities to help achieve this gender objective:

- Conduct gender awareness and training for staff at all levels (from senior management to the school level)
- Review and assess gender equity in textbooks, curricula and learning materials
- Conduct gender training in regular teacher training
- Conduct a research on training beliefs and cultural practices that have effects on girls’ education
- Offer incentives for more male participation as teaching staff
- Collect disaggregated statistics in all areas such as net enrolment, retention, dropouts
- Raise awareness of gender issues through media

III. RECOMMENDATIONS

This chapter presents first, the proposed design and monitoring framework of IAI Work Plan II. Second, it elaborates on recommended strategic objectives, outcomes and justification on why each outcome is vital to the integration of CLMV. Third, it attempts to map and categorize IAI projects and contributory measures at national, subregional and regional level. Fourth, it proposes a resource mobilization strategy and implementation arrangement and ways to strengthen the IAI Secretariat and Work Plan formulation process. And lastly, it discusses how these strategic objectives and desirable outcomes can be operationalized: what the next steps are to be taken, by whom and how.

A. Proposed IAI WP II Design and Monitoring Framework.

The intervention areas recommended under this study are critical to the integration of CLMV economies into AEC and prepare them towards ASCC with a more inclusive and equitable growth. It encompasses “4-I” approach to address the development gaps in ASEAN as recommended by Bui and Vo (2007), with the four “I”s referring to Income, (soft) Infrastructure, Integration, and Institutional Gaps. These recommended strategic objectives have also been formulated in response to Narrowing Development Gap Indicators analyzed in the Economic Outlook of SEA, China and India 2014 (OECD, et al, 2013) which showed that the gap between CLMV and ASEAN-6, remained widest for Poverty and Human Resource Development Gaps - at 4.2 and 3.8 respectively.

It is recommended that the IAI Work Plan be reformulated to become more strategic, focused and results-oriented and taken out those actions which can be better addressed under other blueprints, Sectoral Work Plans and new Initiatives. For instance, since ASEAN already has the Master Plan for ASEAN Connectivity, all Actions proposed under the IAI WP II that are related to Infrastructure and ICT should be absorbed by the MPAC (e.g. Priority Action no. 103 to 114 and 155 to 170). Similarly, Priority Actions related to standards and conformance measures (e.g. Priority Action no. 115 – 123) have already been adequately covered by ARISE and PTB (Germany).

Table 2 presents the recommended intervention areas in a logical framework format for easy reference.

Table 2. Proposed IAI Work Plan II Design and Monitoring Framework

| Design Summary | Performance Indicators | Data Sources | Assumptions |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impact: CLMV socio-economies are successfully integrated into ASEAN Community | <ol style="list-style-type: none"> 1. Decrease in development disparities between ASEAN – 6 and CLMV (PPP, HDI) 2. Decrease in development gaps between urban and rural, coastal and inner land communities in CLMV (4- I: Income, Infrastructure, Integration, Institutions Gaps) | AEC Scorecard AIMO reports National Socio-Economic Reports, UN HDI | |
| Objectives: <ol style="list-style-type: none"> 1. To strengthen capacity of CLMV in promoting trade and investment and in upgrading local production capacity and standards to meet regional and global requirements 2. To enhance Civil Service Capability in Public Service Deliveries and Reforms 3. To enhance government officials capacity in promoting market-oriented farming practices and facilitate subregional and regional market integration 4. To ensure fair and comprehensive migration policies and adequate protection for all migrant workers. 5. To make IAI WP II projects and programs recognize and address the different needs and priorities of women and marginalized groups. | <ol style="list-style-type: none"> 1. Changes in trade and investment volume and % of contribution of CLMV to ASEAN trade 2. Change in ranks in 'ease of doing business' (WB Report) 3. Change in no. and volume of PPP investment projects; 4. Change in accessibility to and quality of public business development services by farmer groups, SMEs and exporters 5. Change in farming practices and agricultural productivity 6. Change in % and dollar value of contract-based farming and cross-border agribusinesses. 7. Change in no. of regular migration; 8. Change in no. and dollar value of oversea remittance thru formal channels 9. Change in % of IAI projects addressing needs of women and marginalized groups | To be identified during scoping study | <ol style="list-style-type: none"> 3. ASEAN - 6 continue to support IAI beyond 2015 4. IAI TF agrees to revise IAI project guidelines to accommodate joint projects and recognize linkage btw national and regional projects |
| Results: | | | |
| Outcomes of Objective #1 <ol style="list-style-type: none"> 1.1 Improved import and export facilitation 1.2 Improved foreign investment facilitation 1.3 Enhanced Competitiveness of Local SMEs 1.4 Enhanced capacity in implementing GAP, GAHP, GAqP, and S & SPS measures | <ol style="list-style-type: none"> 1. Decrease in procedures, required documents and times for import and export and cross-border transactions. 2. Increase in no. and dollar value of regional and int'l buyers using CLMV as production and market bases 3. Increase in no of SMEs clusters and dollar value of local SMEs trade through regional and global value chains 4. Increase in no. of producers applying GAP, GAHP, and GAqP. 5. Reduction of no. and volume of fresh products rejected by international buyers due to GAP, S & SPS reasons. | Ditto | <ol style="list-style-type: none"> 2. ASEAN-wide projects/ programs continue to provide extra financial and technical support to CLMV. |
| Outcomes of Objective #2 <ol style="list-style-type: none"> 2.1 Effective Public Services Deliveries | <ol style="list-style-type: none"> 1. Improved level of satisfaction of public business development services by farmer groups, SMEs clusters, traders, and | Ditto | Decentralization and Deconcentration policies of |

| Design Summary | Performance Indicators | Data Sources | Assumptions |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 2.2 Effective Non-state Actors Engagement | investors. 2. Increase in no. and volume of PPP investments 3. Increase in no. of academic & research institutions promote ASEAN Community 4. No. of CLMV business associations and academic & research institutions registered and accredited as ASEAN related entities. | | CLMV government continue |
| Outcomes of Objective #3 3.1 Rural farmers increase their income through organizing into groups; employing modern farming practices; and integrating into regional market. 3.2 Contract-based farming practices and cross-border agricultural value chains are well-coordinated and regulated. | 1. Increase of farmers H/H income by x% 2. No of new producers associations and farmers cooperatives established 3. % of produce sold via different channels of value chains (cross-border value chains, contract-based arrangements, supermarkets, etc.) increase by x% | Ditto | AFTA, CBTA are promoted and other non-tariff barriers reduced to provide enabling environment for cross-border and regional trade |
| Outcomes of Objective #4 4.1 Outbound migrant workers registration 4.2 Mutual Skill Recognition Arrangement 4.3 Remittance facilitation and management | 1. No. of outbound migrant workers registered with government agencies increase by x% 2. No. and dollar value of oversea remittance thru formal financial institutions increase by x% 3. Increase in recognition of vocational skill curricula and standards of CLMV by countries receiving migrant workers (measured by payment and appropriate jobs) | Ditto | Cooperation of receiving country (e.g. Thailand) in registering migrant workers continues |
| Outcomes of Objective #5 5.1 Gender perspectives are reflected every stage of IAI project cycle. 5.2 Guidelines for gender and social inclusiveness in IAI projects/programs are in place and operational. | 1. % of IAI projects include gender perspectives 2. % of ASEC desk officers, sectoral working groups and DPs and EPs follow IAI Gender and Social Inclusiveness Guidelines | Ditto | |
| Outputs: 1. Trade and Investment Facilitation Capacity Development Plan 2. Public Services Delivery Capacity Development Plan 3. Modern farming system and regional value chain integration capacity development plan 4. Labor Migration Management Capacity Development Plan 5. Gender responsive and social inclusive Capacity Development Plan | <i>To be formulated by Scoping Study Mission</i> | Ditto | |
| Activities: <i>To be formulated by Scoping Study Mission</i> | | Inputs: <i>To be estimated by Scoping Study Mission</i> | |

It must be noted that this Design and Monitoring Framework (DMF) is not complete. The performance indicators suggested in the DMF are indicative with no baselines and no specific targets. To collect baseline data and formulate specific indicators and targets for each outcome would require field activities which are beyond the scope of this MTR.

B. Rationale for Recommended Intervention Areas

Table 3 and 4 present recommended strategic objectives and intervention areas with references to the applicable objectives in AEC Blueprint and ASCC Blueprint. The Tables also present justifications for each proposed outcome.

Table 3. Recommended Intervention Areas Under AEC

| References | Strategic Objectives | Intervention Areas (Outcomes) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ASEAN ECONOMIC COMMUNITY | | |
| A. Single Market and Single Production Bases B. Competitive Region C. Equitable Economic Development D. Integration into the Global Economy | To strengthen capacity of CLMV in promoting trade and investment and in upgrading local production capacity and standards to meet regional and global requirements | 1. Improved import and export facilitation 2. Improved foreign investment facilitation 3. Enhanced Competitiveness of Local SMEs 4. Enhanced capacity in implementing ASEAN Framework Agreements on GAP, GAHP, GAqP and in establishing and harmonizing Sanitary and Phyto-sanitary measures |
| <p>1.1 Improved import and export facilitation by developing a more integrated import and export services like harmonization of standards and transport and customs procedures, Rules of Origin, Cross-Border Transport Agreement and by upgrading its information technology system to provide better services to local SMEs and exporters.</p> <p>1.2 Improved foreign investment facilitation by easing Investment rules and regulations; enforcement of contracts, competition policy, dispute settlement, and government policy reform.</p> <p><u>Justifications:</u></p> <p>As analyzed by OECD Development Center (2013) Gaps between CLMV and ASEAN-6 countries in trade liberalization and participation in the global market are evident in ASEAN trade and tariff statistics. More than 80% of the total trade in ASEAN is accounted for by the ASEAN-6 countries. While the average tariff on imports in the ASEAN-6 was 0.05% in 2012, it was 1.69% in the CLMV.</p> | | |

Enabling business environment is the most important factor that will expedite economic development in CLMV, narrow development gaps within and among ASEAN countries and facilitate their economic integration into AEC. This enabling environment includes:

- a. Adequate and effective trade and investment policies with capable and committed government officials in implementing policies and facilitating free movement of goods and peoples;
- b. Improvement of agricultural trade and investment policies that facilitate cross-border agriculture trade and investment and improving manufacturing standards, food safety measurements and good agriculture practices
- c. Availability of business development services that enable SMEs to link and integrate to regional and global value chains;

The underdeveloped legal and regulatory frameworks and limited implementation capacities of government officials remain major barriers to attracting foreign investors to the Subregion. The transition from centrally planned economies to free-market economies has not been fully completed in the CLMV. While the economic philosophies in the CLMV have changed to become more market oriented, there is a constant shortage of government officials who are trained and have practical experiences in promoting free-market economic practices. Some of the economic and administrative reforms, have either not been implemented or have been rescinded, creating an uncertain environment which deters many investors.

“Soft infrastructure” is urgently needed to enable CLMV to benefit from both subregional and regional integration processes. These include cross-border transport and transit agreements, trade facilitation, customs harmonization, health and SPS issues, and harmonization of standards. Contrary to infrastructure development, many different national agencies are involved in these cross-border arrangements and often the issues are used as non-tariff barriers. “Soft infrastructure” involves many institutions and changes in laws and regulations. The institutional capacity of CLMV is much weaker in these areas than the rest of ASEAN. Moving forward, major efforts to address these weaknesses will be needed to maintain the momentum of regional cooperation. CLMV countries have to ensure harmonization of procedures, laws and regulations under a single ASEAN system in the context of AEC.

According to Chaitrong (2013), the World Bank “Doing Business 2014” report, released in October 2013, revealed the results of “Ease of Doing Business” survey in 189 countries. While Singapore, Malaysia and Thailand rank no. 1, 6 and 18 in “Ease of Doing Business” respectively, Viet Nam, Cambodia, Laos, and Myanmar still rank far below the line - no.99, 137, 159, and 182 respectively. The report analyses regulations that apply to an economy’s businesses during their life cycles, including start-up and operations trading across borders, paying taxes and resolving insolvency. CLMV therefore need urgently to implement four key efforts to improve the business-friendly economy: a) Facilitating import and export by developing single-window service; b) upgrading its information-technology system to provide better service to business and people; c) reorganizing the country payment system; and d) deregulating or reducing unnecessary web of regulation to make it much easier for investors to put their money into this country.

1.3 Enhanced Competitiveness of Local SMEs by promoting industrial clusters,

specialized SMEs associations, export consortia, Cross-border Value Chains and SME subregional and regional network; and by facilitating the linkage between local SMEs with foreign investors, international buyers.

Justifications

The biggest challenge facing SMEs in CLMV is how to link more effectively with regional and global markets. Most of the SMEs in the CLMV countries belong to domestic market-oriented industries. Obtaining access to export markets is crucial for fostering SME growth and productivity, especially in light of increased globalization and market liberalization. SMEs suffer from a number of major internal barriers to export relating to their limited endowment of resources and capabilities to meet the challenges of the new business environment. This is particularly true of SMEs in the CLMV countries. These countries face many constraints to competing effectively in global markets since they often lack the necessary knowledge and financing; may not meet foreign regulatory requirements, or may produce products in quantities and of a quality that are not adequate for foreign buyers.

One effective way of addressing these problems is through the development of export consortia. Export consortia are voluntary groupings of enterprises, usually in the same or similar business or subsector, with the objective of improving the export readiness and increasing the export volumes of the participants. By combining their knowledge, financial resources and contacts within an export consortium, SME can significantly improve their export potential and reduce the costs and risks involved in penetrating foreign markets.

With the improved cross-border trade facilitation, inter and intra trade costs will be reduced to levels that permit CLMV companies to participate in regional value chains. These cross-border value chains have been a driver of increased Mekong integration in the 2000s, and will also be beneficiaries of AEC implementation. Accelerating growth is easier in a value-chain setting because a country only needs to be competitive in a segment of the chain rather than in entire production of a good (Pomfret, 2013) For example, the cost of bringing maize from Myewaddy of Kayin State of Myanmar across the border to feed mills in Thailand is 60% less than the logistic cost of sending the maize to Myanmar feed mills in Yangon (MI, 2013).

1.4 Enhancing capacity of CLMV government officials to implement ASEAN Framework Agreements on GAP, GAHP, GAQP, and to establish and harmonize S & SPS measures

Justifications

Trade liberalization and the consequent reduction in or removal of trade barriers has resulted in increased global trade in food and agricultural commodities. With food distribution taking place on a global scale, consumer demand for product quality and safety has become a major concern of the entire food industry, especially those involved in product distribution and retail. Suppliers of agricultural products, especially of fresh fruits and vegetables, are facing increasing pressures from big retailers (e.g. supermarkets) to comply with Good Agricultural Practices (GAP). In response several countries are now strengthening legal requirements for food safety, environmental protection, and worker health, safety and welfare.

Currently, the implementation of GAP (and GAHP and GAqP) in the ASEAN region varies due to a wide diversity of systems, infrastructure, resources and capacity. While some countries are relatively advanced in terms of recent developments and introduction of national GAP standards, other countries are still struggling to develop their own. All ASEAN-6, for example, have developed their national GAP standards while the new ASEAN-member countries of Cambodia, Laos, Myanmar and Viet Nam (CLMV) are still in the process of developing theirs except for Viet Nam. To promote intra-regional trade in agricultural produce among ASEAN countries in general, and between CLMV and the rest of ASEAN countries in particular, CLMV needs to accelerate their efforts in developing their national GAP standards and take advantage of the growing worldwide demand for agricultural and food products.

One of the big issues is the existence of different GAPs and their definitions (e.g. EuroGAP, GlobalGAP, QGAP, US GAP etc.). AADCP II is working on wide-spread implementation of ASEAN GAP primarily on the overall alignment of the food safety module. The Mekong Institute is promoting GlobalGap in the Mekong Subregion (funded by NZAP). Vietnam has its own GAP and Myanmar, Cambodia and Lao PDR are still in the process of developing their national GAPs. This calls for an urgent cooperation and coordination between regional projects, subregional projects, and national projects on GAP, GAHP, GAqP to ensure that the same standards, measures and practices are used throughout ASEAN.

Another problem associated with GAP is postharvest loss in fresh fruits and vegetables, which is estimated at 20-30% in CLMV countries (MI, 2011). Local conditions for small-scale handlers in the CLMV include unskilled labors, lack of credit for investments in postharvest technology, unreliable electric power supply, lack of transport options, storage facilities and/or packaging materials, as well as a host of other constraints.

CLMV countries need urgently to meet the challenges of global food quality and safety requirements. Gaining and maintaining market access in the region will be difficult unless products are made competitive both in terms of quality and safety features. Though the importance of technological innovations is recognized, especially in improving inherent product quality and raising agricultural productivity, these efforts are inadequate without raising awareness on the market requirements for traded commodities and the need to harmonize quality standards among trading countries.

Table 4. Recommended Intervention Areas under ASCC

| ASEAN SOCIAL AND CULTURAL COMMUNITY | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| References | Strategic Objectives | Intervention Areas |
| A. Human Development A7. (ASCC Blueprint) Strategic Objective: Establish effective, efficient, transparent, responsive and accountable civil service systems ... | 2. To enhance Civil Service Capability in Public Service Deliveries and Reforms | 2.1 Effective Public Services Deliveries 2.2 Effective Non-state Actors Engagement |
| <p><u>Rationale:</u></p> <p>2.1 Enhanced public services providers capacity in delivering effective and inclusive public services to farmer groups, local SMEs and investors (Public service providers acquire demonstrated competencies in facilitation, coordination and regulatory enforcement)</p> <p>To implement market-oriented economy, government agencies that are involved in development planning and providing public services have to make transition from being public services providers to a regulator of a private sector involvement in economic and social development and a facilitator of emerging new service providers. To move away from direct service provider to facilitator, concerned government agencies should transfer some State functions such as trade promotion, agricultural extension, market information and forecasting, quality control, issuance of Certificate of Origin and dispute resolution to well-established associations (including Chambers of Commerce and Industry and Agribusiness Associations). In other advanced ASEAN countries, government extensionists work closely with private sector and grower associations in every stage of the supply chains.</p> <p>Since all CLMV states came from centrally-planned and controlled system, big change is needed in the model of state management – in the technical and regulatory services provided by the state, in public investments, and in the policies applied to facilitate farmer and agribusiness investment, SME and cross-border trade. The production capacity of the farmers and local SMEs is still low and needs improving. The state's assistance should be strengthened based on dialogues and studies in order to define the farmers' and SMEs need and their actual self-reliance capacity. Public agencies should change their approach from a top-down central planning modality to a more participatory and inclusive process – including more down-to-earth issues such as proper systems for market access for farmers, transfers of skills and knowledge, and training.</p> <p>The underdeveloped legal and regulatory frameworks and limited implementation capacities</p> | | |

of government officials in enforcing policies, regulating agreements and enabling cross-border value chains and trade networks remain major barriers to improving productivity in CLMV countries. Therefore, it is critical that a capacity development program should be designed to improve capacity of government officials and public business development providers in providing effective and inclusive public extension and business development services to farmers groups, local SMEs and investors. It should not be a standalone one but a series of capacity development program that emphasis on preparing CLMV government officials in their new roles as effective change agents – facilitator, regulator and coordinator of economic development programs. The training package should be developed around the following four progressive modules and employ three pro-poor approaches.

Suggested training modules:

1. Government extensionists as facilitators and integrators of knowledge on modern farming and SME cluster;
2. Government extensionists as regulators of private sector investment and partnership;
3. Government extensionists as coordinators of local economic development program and services
4. Government extensionists as product promoters and market researchers.

Pro-poor Approaches:

1. Modern Value Chain Integration and Upscaling;
2. Participatory local economic development
3. Effective and Responsive Business Development Service Delivery

2.2 Enhanced capacity of government officials in engaging with Non-state Actors, including business associations and academic and research institutions, in areas related to regional cooperation and integration.

With the competing use of countries' limited budget, it is likely that the proportion of total investment in local economic development coming from the state budget will be reduced. State budget should therefore be used only in “pure public goods and services” where cost recovery and/or private investment cannot be heavily mobilized. As stated in Development Asia (ADB, 2012 p8), the lack of infrastructure has become a bottleneck to growth, a threat to competitiveness, and an obstacle to poverty reduction. Public – Private – Community Partnership modalities should be encouraged to mobilize resources and to promote project ownership, especially in:

- b. Increase investment in agricultural productivity and marketing, technology transfer and trade infrastructure ; and
- c. support basic infrastructure for private investment in agro-industrial clusters and farmer-led business enterprises (like farmer market model of Malaysia). According to Reardon, et al., (2012), to speed up agriculture transformation in rural areas, governments have to invest in irrigation, canal, road, and railway system; rural wholesale markets, power grids; and mobile phone communication

grids.

It is imperative that private sector need to be brought in to expedite socio-economic developments, if Cambodia wants to export 1 million tons of milled rice by 2015, if Viet Nam wants to upscale agriculture value chains of fresh produces, if Lao PDR wants to reduce postharvest losses, and if Myanmar wants to be back as a major rice exporter.

| References | Strategic Objectives | Intervention Areas |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ASCC Blueprint B. Social Welfare and Protection B. 1: Poverty Alleviation | 3. To enhance government officials' capacity in promoting market-oriented farming practices and facilitate subregional and regional market integration. | 3.1 organizing farmer groups, agricultural associations and community-led enterprises; employing modern farming practices and value added agricultural products processing; and integrating into regional market. 3.2 Contract-based farming practices and cross-border agricultural value chains |

3.1 Rural farmers increase their income through organizing in farmer groups, agricultural associations and community-led enterprises; employing modern farming practices and value added agricultural products processing; and successfully integrating into regional market.

Justifications

Throughout the history, agricultural sector has always plays important role in the development of CLMV national economies. It continues to contribute more than one-third of CLMV GDPs, employs more than 65 percent of the workforce and provides income and livelihood to over 90 percent of the subregion's rural population. Since more than 70 percent of CLMV population lives in rural areas, agriculture productivity is critical to inclusive development, food security and poverty reduction.

With the upcoming of ASEAN Community, competition will be very severe and CLMV have to compete with other advanced countries. They have to search for their own suitable production process and industry that have comparative advantage. This will inevitably result in the replacement, reallocation, repositioning, geographical realignment and reorganization of industry.

Major challenges faced by these countries related to equitable economic development are:

- a. How to move rural farmers from subsistence to market-oriented farming system?, and
- b. how to ensure that the rural poor, women and ethnic minority are included in economic and social development and benefit from regional integration?

Smallholder farmers need easier access to markets to sell their crops for a fair price, rather

than relying on expensive middlemen or inefficient government bodies. With the collapse of communism, collectivization system crumbled and there are very few effective farmer organizations, special commodity groups or production clusters in CLMV countries. Forming cluster or other form of collective actions is necessary so that producers can jointly bid, produce, and market their products and have a level playing field with large commercial farmers in the region.

Forming producer groups or contract-based farming associations can promote the transition process from subsistence to commercial agriculture production by enabling sharing and technology transfers between better off and poorer farmers and create a more level playing field. Farmers, local processors, and traders of particular commodity(s) can form Specialized Agriculture Associations (e.g. Lao Coffee Grower Association). Unlike traditional forms of cooperatives which mainly focus on community saving and microfinance, modern agricultural associations are established in the form of specialized production and marketing associations to enable members to engage in business together, raising funds through community businesses and sharing innovative technology, information and common assets. Most of contract farming arrangements in other advanced ASEAN countries are done between farmer/grower groups and large agro-based corporations.

The states should encourage the development of farmer groups and agro-based industry associations for different commodity lines and link the groups with researchers. Increase the roles of commodity associations by establishing commodity value chain committee with the active participation of business enterprises, farmer groups, exporters, research center and competent government officials. The Value Chain Committee will work with concerned government agencies to formulate local economic development plan, design and formulate strategies and policies for commodity development, implement market development activities and become the key players in international market transaction.

3.2 Contract-based farming practices and cross-border agricultural value chains are well-coordinated and regulated to benefit and protect both producers and contractors/buyers.

Justifications

Increased connectivity in the GMS has created opportunities for cross-border trade and investment, particularly in agriculture. Trans-border sharing of agricultural resources and markets opens up opportunities for cooperation in production, processing and value-added activities. Promoting broad-based agriculture development has emerged as the most effective strategy for lifting communities at-risk out of poverty. However the majority of farmers in the CLMV have limited capital. Although it is commonly recognized that small family farms are potential and important sources of growth in agricultural production, small-scale agriculture has some social and economic disadvantages. Contract-based farming and large scale agricultural land concessions are seen as a form of private sector involvement that can address some of these socio-economic disadvantages, especially in the provision of inputs, credit, improved technology, information and access to markets. Unfortunately there have been many reported cases where small farm-agribusiness linkages have had negative impacts on the farmers in the CLMV. A well-prepared cross-border contract farming policies need to be in place and enforced to ensure that both parties of the contract farming benefit from the

joint ventures and that the development is meeting the needs and at the same time, keeping a social, economic and environmental balance.

There are several good practices in contract-based farming system in Indonesia, Malaysia and Thailand which can be used as case studies and sites for study visits. In fact, over 90% of commercial farming activities in Thailand are contract-based that are well-integrated into regional and global value chains.

| References | Strategic Objectives | Intervention Areas |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| ASCC Blueprint C2. Protection and promotion of the rights of Migrant Workers | 4. To ensure fair and comprehensive migration policies and adequate protection for all migrant workers. | 4.1 Outbound migrant workers registration 4.2 Mutual Skill Recognition Arrangement 4.3 Remittance facilitation and management |

Justifications

Unskilled and semiskilled labor migration is one important area that all cooperation programs, including ASEAN, do not appear to be willing to raise (Verbiest, 2013). In a region where income disparities are so large, resources endowments very diverse and economic opportunities so different, pressure for unskilled labor migration will remain huge. In Thailand, for instance, all sectors of the economy – agriculture and fisheries, construction, industry and services – employ migrant workers, and their contribution to GDP is significant. In fact, 44% or 3.9 million of low skilled workers in Thailand are migrants. Whilst skill labor mobility is occurring in lesser scale, the majority of migration flows within the GMS Region currently comprise low-skilled workers who work in 3D Jobs (Dirty, Dangerous, and Difficult) at wage levels lower than those paid to nationals. Important challenges related to human migration in the GMS abound at different levels and scope from sending, transit and receiving countries. In this light, protection of migrant workers becomes of paramount important. There is no debate as to the economic contribution of migration workers, but the remaining question is on how to protect migrants or reduce irregular migration, which is a way to promote potential benefits of migration and promote safe migration policies in line with international practices.

AMS have increasingly been giving attention to migration issues, actively seeking to develop appropriate policy approaches and practices in the face of escalating intra-regional migration flows. There is an increasingly acknowledged need to take a more active role in governance of migration that balances the needs of economic growth and the labor demands of the private sector on one hand, with the national security, humanitarian and social concerns associated with migration, on the other. For instance, since early 2000, Thailand has embarked on a nationwide migrant registration campaign in a bid to regularize irregular migrant workers and their families. To support the management of the regularization process, Thailand signed a Bilateral Memoranda of Understanding in the Employment of Migrant Workers (MOUs) with Laos (October 2002), Cambodia (May 2003), Myanmar (June 2003).

An equally important issue that has to be addressed and will help facilitate and encourage

regularizing labor mobility is the need to build the technical skills and capacity of CLMV nationals. And this can be done by improving the quality of the TVET system at the institutional and program levels in CLMV countries.

To be successful, TVET programs and services must be relevant and valued by industry, the community and individuals. As the TVET systems in the respective CLMV countries seek to improve their organizational capacity, they will also have to increasingly pay attention to the demands of its external environment in the market and industry, which in 2015, will include the ASEAN region. In this context, the task of harmonizing TVET systems in CLMV and the rest of ASEAN becomes imperative.

There are many challenges in the current situation and it is anticipated that these will be magnified especially in view of greater labor mobility with the inception of the AEC in 2015. A grave need is to enhance the national and regional capacity to ensure safe migration in the region. Given the limited implementation time left in the IAI WP II, the MTR recommends to focus and prioritize the following intervention areas:

4.2 CLMV governments have effective outbound migrant workers registration and monitoring system in place and operational

Priority issues that have to be addressed, among others, include strengthening labour migration management mechanism in both migrant exporting (origin) and importing (destination) countries that include improving policies, regulations, support services, inter-departmental and inter-state coordination that will facilitate regular migration. Capacity building to government officials and practitioners dealing with migrant issues are likewise essential to ensure efficient implementation of the existing regulatory framework.

In developing their policies and implementation keeping in mind that intra-regional labour mobility is closely linked with ASEAN's main agenda of economic integration, CLMV countries should commit in the existing instrument, "The ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers (Cebu Declaration) 2007."

4.3 CLMV technical and vocational education and training (TVET) systems are improved and harmonized with ASEAN 6 TVET system.

Upgrading and harmonization of CLMV TVET systems are urgently needed so as to equip the youth with appropriate skills that will enable them to participate in the migration interface in a legal way.

On the national level, competency-based Training (CBT), skills standards and support systems, accreditation systems and procedures, career guidance and counseling and Quality Assurance Standards need to be developed, established and operationalized. These standards should be recognized within ASEAN and GMS for greater mobility of skilled labour.

4.4 CLMV governments have effective overseas remittance facilitation and management system in place and operational

To maximize the benefits of migrant workers, other important issue to address is to manage and facilitate remittance flow in the region. In the Mekong sub-region, migrant remittances are hampered by inefficiencies and access barriers in financial services both in sending and receiving countries. The majority of remittance are sent through informal channels and used for consumption purpose (Jalilian & Reyes, 2012). Not only is this a regulatory concern, it also limits the opportunity for the poor to become economically integrated by gaining access to basic financial services

| References | Strategic Objective | Intervention Areas |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ASCC Blueprint F. NDG Actions i. Mainstream social development issues in developing and implementing projects for the IAI. Action vii. Assist CLMV governments to build and strengthen capacities to develop/ implement social policies that will mitigate and monitor the impact of the regional integration process | 5. To make IAI WP II projects and programs recognize and address the different needs and priorities of women and marginalized groups. | 5.1 Gender inclusive and equitable development perspectives are reflected in the design, planning, implementation, monitoring and evaluation of IAI projects/programs 5.2 Guidelines for gender and social inclusiveness in IAI projects/ programs are in place and operational. |

5.1 Gender inclusive and equitable development perspectives are reflected in the design, planning, implementation, monitoring and evaluation of IAI projects/programs

5.2 Guidelines for gender and social inclusiveness in IAI projects/programs are in place and operational.

Justifications

a. Engaging Other ASEAN Entities with gender-related mandates

The policy commitments of ASEAN to a development framework that is inclusive of

women, children, the elderly and the disabled and other vulnerable groups is well established but needs to be translated into action. In addition, the ASEAN-6 and CLMV members are all signatories to international instruments on the human rights of women, children, the disabled and other vulnerable groups. Despite this, the MTR found and called attention to the gaps between practice and policy.

Within the ASEAN organizational structure, there are bodies with mandates focused on gender and social inclusiveness with their own plans and targets. These should be actively engaged by the relevant ASEC offices, not just for coordination purposes but also for possible collaboration on intersecting concerns. The oldest and most established of these bodies is the ASEAN Committee on Women (ACW), the primary coordinating and monitoring body on key regional priorities and cooperation in women's issues and concerns. ACW implements a Work Plan (2011-2015) that is closely based on the ASCC Blueprint, but it also aims to "influence the various pillars of the ASEAN Community Blueprints, and the AMS so that there will be visible, credible and strong gender mainstreaming inputs to government, inter-government policies, programs and processes."

Actions listed under the ASCC of the IAI WP II should be jointly discussed with them for possible coordination as well as to help gauge the skills needs and provide capacity building and technical assistance to the IAI Secretariat and project developers and implementers in carrying out gender and social analysis of projects or project clusters.

Another highly relevant entity within the ASEAN is the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC), which has a broad mandate and functions that include the rights of women and children.

Engaging these bodies will greatly enhance not just the IAI WP's efficiency but also effectiveness and relevance to CLMV needs and priorities, because the ACW is composed of AMS representatives who come from their respective gender machineries and technical experts in gender and child rights. These representatives are part of the prime movers in the development, implementation and monitoring of the overall strategic development plans and specific plans for gender equality in the AMS, including the CLMV. Working therefore with the ACW and the ACWC will put the IAI WP in close contact with the national level advocates of gender and other vulnerable groups. This collaboration will also help ensure that national targets and perspectives on gender and socially inclusive (women, men, children and other marginalized groups) as written in their respective strategic development plans are reflected in the concepts and design of IAI WP projects.

b. Developing and Institutionalizing a Project Development and Appraisal Framework

Women and men have different social roles and responsibilities and access to resources and services. These differences should be examined and understood to ensure that the project benefits and assists all segments of the target group. Projects should analyze and take into account the needs and priorities of these groups so that appropriate responses are formulated to address them. For this to happen, it is recommended that the IAI & NDG Division incorporate gender analysis in its current

project development and appraisal framework as discussed above to help guarantee that projects positively and equitably impact poor women, men and other marginalized groups among the target population. The purpose of this proposed task is to ensure that the projects to be developed during the remaining implementation period of the IAI WP II will be more gender sensitive and socially inclusive.

Although gender, women and children are only mentioned mostly in proposed actions that fall under the ASCC and a few in the AEC, this proposed approach should also help ensure that all projects under the three ASEAN pillars and the enabling component routinely consider the development needs of specific segments of the target population especially poor women, cultural minorities and other marginalized groups.

Gender analysis should be a central part of this framework in all its processes and in all stages of the project cycle: problem analysis and the needs assessment; design of activities; and outcomes. The gender-focused checklist as presented in **Annex 7** can be used and adapted in developing more sector-specific versions for the IAI WP. It consists of nine pointers to be given attention and carried out in the different stages of the project cycle.

The proposed task will obviously involve external parties, however, the IAI&NDG Division should be the driving force to push for this to be realized. In engaging with the ACWC and the ACW and the other relevant bodies, they should discuss convening a working group to incorporate gender analysis in the overall project development and appraisal process, including all the templates and guidelines. This can be closely coordinated with the ACWC since this coincides with their plan to mainstream gender in ASEAN.

c. Capacity building in gender sensitivity, gender analysis and the engendered project appraisal process

One common denominator among CLMV countries is its history of having gone through a centrally controlled economy, which may have restricted democratic participation in its development processes. The current state of their respective political, economic and social development and the regional and international alliances and policy commitments they have sought now calls for broadening their development processes to include traditionally excluded groups i.e. women, the poor, and cultural minorities. While there may be national political, security and cultural sensitivities in the inclusion of these groups, CLMV have also committed that by joining the ASEAN and signing on to its Charter that they are serious about achieving a more equitable and inclusive development. This vision is also articulated in their respective strategic development vision and plans. For ASEAN to help this process, it is important that the necessary resources are allocated and prioritized for developing sub-region's capacity in gender and socially inclusive planning.

The capacity building should target all parties involved in the project appraisal process and all parties involved in project development. It is recommended that the following participate in the capacity building proposed

Project Appraisers

- Strategic Planning and Coordination Division
- External Relations Division 1 and External Relations Division 2
- Sectoral Divisions of the ASEAN Secretariat
- Sectoral Sub-Committee / ASEAN Working Group
- Sectoral Committee / ASEAN Body
- Sub-Committee on Development Cooperation
- Committee of Permanent Representatives to ASEAN

Project Proponents

- National Secretariats
- CLMV line agencies
- Sectoral Bodies
- Other bodies who are eligible to submit proposals

Given the limited time that remains in the IAI WP, the capacity building agenda for the first group should be carefully identified and prioritized. To foster the necessary appreciation and understanding, the agenda should include firstly and importantly, a basic course on gender sensitivity complemented with a discussion on the current and changing situation of women and other marginalized groups in CLMV and overall ASEAN (ACW has data on this based on the evaluation of their previous workplan). Without this step, it will be difficult to garner political support from the key decision makers and prime movers; the second is a course on gender analysis and the new “engendered” project development and appraisal process, with the view that some of the desk officers can serve as resource persons or trainers for project proponents.

The second group will also have to be trained in the new ASEAN project development and appraisal framework before or as they are contemplating submission of proposals. The need for gender sensitivity has to be determined by each individual country and can be coordinated with the national representatives to the ACW and ACWC.

C. Mapping of IAI Related Projects and Programs

The initial donor mapping, as shown in Table 5, reveals that there have been several development assistances and capacity building projects in most of the recommended intervention areas at national, subregional and ASEAN-wide level. The first task that ASEC need to do is to find out, for each intervention area, who are doing what and where and identify “Gaps” that need to be filled under IAI Work Plan.

Table 5. Recommended Strategic Objectives and Outcomes and Resources Mapping¹⁸

| Strategic Objectives | Outcomes | Bi/Multi-lateral | Sub-region | ASEAN 10 | IAI |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------|-----------------------------------|-----|
| 1. Improved Trade and Investment Facilitation | <u>1. Import & Export Facilitation</u> National Single Window, Custom harmonization, trade facilitation (harmonized and standardized trade and customs, processes, procedures and related info flow) | Singapore, GIZ | ADB MI Mekong - Japan | ARISE, USAID, Australia, Malaysia | XXX |
| | <u>1. Import & Export Facilitation</u> Standards and technical regulations and conformity assessment, quality assurance, accreditation and measurement | PTB, JICA, CUTS Int'l | SIS | PTB ARISE USAID | XXX |
| | <u>2. Improve foreign investment facilitation:</u> Easing Investment rules and regulations; enforcement of contracts, competition policy, dispute settlement, and government policy reform. | GIZ | MI, ADB | AADCP II | XXX |
| | <u>3. Enhanced Competitiveness of Local SMEs:</u> SME Value Chain Integration (Cross-border Value Chains, SME | GIZ, JICA | MI ADB SDC GIZ USAID | SME working group, USAID | XXX |

¹⁸ Development partners listed in this table are not exhaustive. There are probably a lot more projects/ programs that contribute to the recommended objectives and outcomes.

| Strategic Objectives | Outcomes | Bi/Multi-lateral | Sub-region | ASEAN 10 | IAI |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------|-----------------|-----------------|
| | Clusters, Export Consortia and Network) | | | | |
| | 4. Enhanced Implementation Capacity: GAP, GAHP, GAqP and Sanitary and Phyto-sanitary measures establishment and harmonization | JICA, NZAP | GIZ, NZAP | AADCP II GIZ | XXX |
| 2. Enhanced Civil Service Capability in Public Service Deliveries and Reforms | 1. Effective Extensions and Business Development Services (Facilitator, Coordinator, and Regulator) | ADB, SDC, GIZ | MI, Indonesia | | XXX |
| | 2. Effective Non-Public Actors Engagement: | GIZ USAID | GMS BF USAID | AUN | XXX |
| 3. To enhance government officials capacity in promoting market-oriented farming practices and facilitate subregional and regional market integration | 1. Rural farmers increase income through collective actions; modern farming practices; and regional and global value chain integration. | WB, ADB, SDC, GIZ | MI | | XXX |
| | 2. Contract-based farming practices and cross-border agriculture value chains are well- coordinated and regulated | NZAP | SDC, GIZ MI ACMECS | | XXX |
| 4. Ensure fair and comprehensive migration policies and adequate protection for all migrant workers | 1. Outbound migrant workers registration | | IOM | | XXX |
| | 2. Mutual Skill Recognition Arrangement | | | ILO | GIZ, ADB XXX |
| | 3. Remittance facilitation and management | | | | XXX |

| Strategic Objectives | Outcomes | Bi/Multi-lateral | Sub-region | ASEAN 10 | IAI |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------|-----------------|-----|
| 5. IAI WP II projects and programs recognize and address the different needs and priorities of men, women and specially marginalized groups. | 1. Gender inclusive and equitable development perspectives are reflected in every stage of project cycle. | SDC, AADCP II, NZAP | SDC USAID | ACW ACWC | XXX |
| | 2. Guidelines for gender and ethnic minority inclusiveness in IAI projects/programs are in place and operational. | Most of DPs & EPs already have Gender Mainstreaming guidelines and checklists | | ACW ACWC | XXX |

As summarized above and presented in details in **Annex 3** – Other ASEAN Initiatives and Development Assistance for Regional Integration and **Annex 4** - Subregional Initiatives, Project and Programs in the Mekong subregion, there are hundreds of projects and programs being executed/ implemented simultaneously in the Mekong subregion that are directly attribute to ASEAN integration, NDG and EED:

- i. By national agencies using national budget;
- ii. by national agencies and/or contractors, NGOs - funded by donors through bilateral, South-South cooperation, North-South cooperation and Triangular cooperation arrangements;
- iii. by regional and subregional organizations like MRC, MI, RECOFTC, ADPC, and EOC funded by development partners and ASEAN – 6;
- iv. by contractors and organizations contracted under various ASEAN Sectoral Working Groups like MPAC, SME Working Group, Infrastructure and Industry Working Group; and Customs.
- v. by national agencies, contractors, and organizations under IAI WP II funded by ASEAN 6 and/or development partners or through South-South, North-South and Triangular cooperation arrangements, for instance, through Singapore Training Center, Entrepreneurship Institute of India, Japan – Singapore Partnership Programme for the 21st Century, GIZ – TICA partnership for third countries.

Many of these strategic objectives and outcomes (like National Single Window, Custom Reform, Investment Facilitation and Macroeconomic and financial policies) are better be achieved through bilateral arrangement to respond appropriately to the local settings. Some strategic objectives (like standards and technical regulations and conformity assessment, integration of SME into regional and global value chains, land governance, and good

agricultural practices) have already been partially addressed at regional level and/or national level. The interventions need to be intensified with special attention to CLMV countries.

The IAI Work Plan Implementation Arrangements, therefore, can be mapped out as shown in **Figure 3.**

Figure 3. Proposed IAI Work Plan Implementation Arrangement

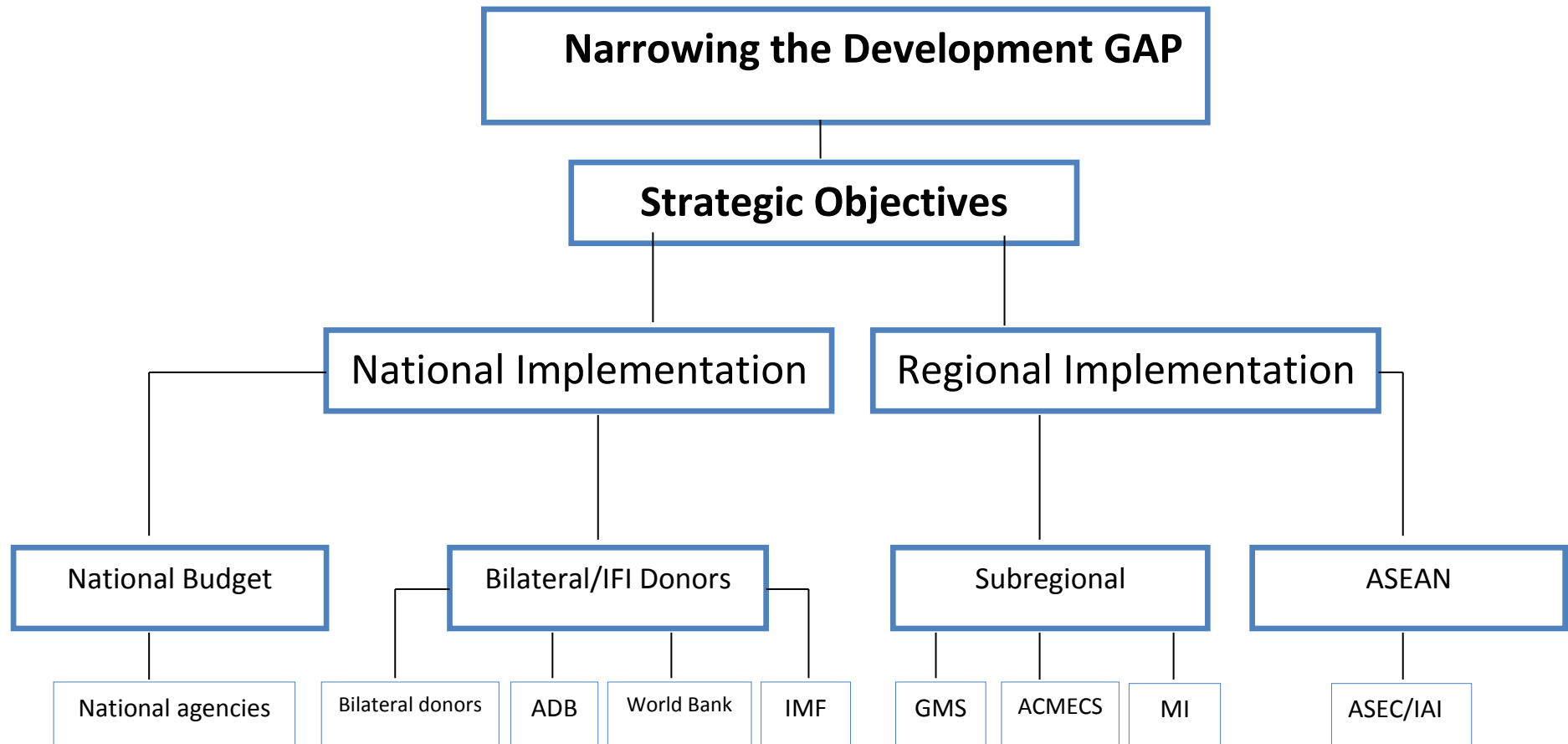
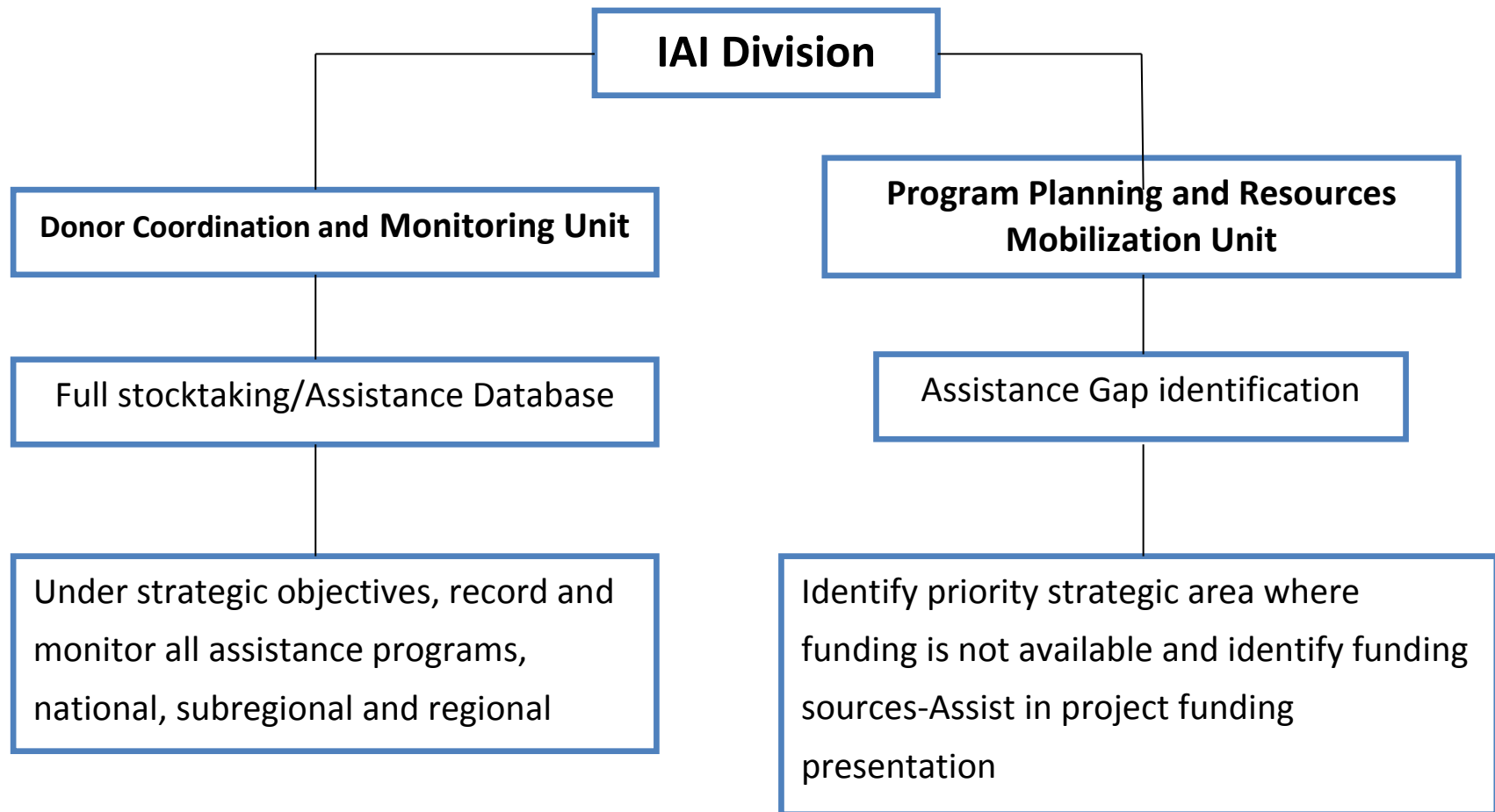


Figure 4. Proposed ASEC IAI Division Functional Chart



D. Resource Mobilization Strategy and Implementation Arrangements.

D.1 Maintain the Momentum of Interests. During the MTR study, several dialogue and external partners and ASEAN – 6 have expressed their interests to fund programs/projects that would contribute to the achievements of the strategic objectives and outcomes listed above. It is recommended that these interested intervention areas are to be developed further into a concept paper or “Project Identification Note” to be presented to potential donors. For instance:

- a. Germany has expressed interest in supporting a computerized IAI Project Database/Donor Mapping and sharing experience and expertise on TVET;
- b. Australia has expressed support for strengthening IAI Division, operationalizing revised IAI WP II, and formulating post 2015 IAI Work Plan;
- c. India is open for dialogue with IAI Division to link its bilateral cooperation in CLMV with regional programs of the same nature;
- d. Japan is willing to share their successful experience in implementing the Laos Pilot Program (LPP) at national level and link the Lao’s GAP component with subregional and ASEAN GAP projects;
- e. EU is in the process of planning its regional program and is open for discussion with ASEAN on how EU funded programs at regional and national level can synergize with and contribute to IAI Strategic Objectives; and
- f. USAID also expressed interests in supporting some programs/projects under strategic objective one.

D.2 Promote Cooperation between ASEAN – 6 and DPs & EPs. To gain more commitment and ownership of the IAI Work Plan from ASEAN-6, the IAI Task Force should promote South – South, North-South and Triangular Cooperation among the ASEAN – 6 countries and between an ASEAN-6 country(s) with a dialogue/external partner(s). Under these arrangements, each project will be jointly planned, financed and executed by two or three partners. In recent years, many ASEAN – 6 countries have partnered with traditional donors to complement on-going South-South Cooperation. The North-South Cooperation maximizes the use of OECD country expertise and tools and relevant experience and best practices of ASEAN-6. For instance, Thailand and Malaysia because of their advances in agricultural productive technologies, Good Agriculture and Postharvest Practices, specialized agriculture association management and their innovative public and private partnership models, should be used as development innovation hubs to identify, test and transfer agriculture technologies and management practices to the CLMV countries. Likewise, Singapore is best in trade and investment facilitation and

its “TradeNet” national single window system. Singapore development experiences and best practices therefore should be used as learning sites for CLMV. The Philippines, on another hand, has long and extensive experience in managing Overseas Filipino Workers (OFW) and remittance facilitation and management. It should team up with an OECD donor to offer its best practices and system for CLMV in the areas of outbound labor migration registration and foreign remittance facilitation.

IAI Division should facilitate and encourage joint project scoping studies, project formulation missions and meetings of different stakeholders on IAI projects and programs.

D.3 . Revisit IAI Project Guidelines. To be able to implement joint projects/programs and promote linkage between and harmonization of regional projects, subregional projects and national projects, the criteria and appraising procedures in the IAI Project “Accreditation” need to be adjusted to recognize and encourage a cluster/group/consortium of projects and programs as IAI “Accredited Intervention”. For example, the linkage and harmonization of ASEAN GAP projects (AADCP’s Regional Project, MI’s CLMV Project, and JICA’s LPP, and ADB’s Cambodia GAP) – they should be recognized as IAI projects and strongly encouraged. As pointed out earlier, a stand-alone regional training program cannot bear fruits without actual skill implementation at the national level. Likewise, a good national project cannot be sustainable if it applies those rules, standards or practices that are different from what have been agreed regionally. Therefore, ASEC should promote linkage between national, subregional and regional projects of the same nature and facilitate the establishment of “Community of Practices.” For instance, ASEAN Community of Practices of GAP trainers and GAP practitioners and promote exchange and sharing experiences among these projects (e.g. ASEAN GAPs, Thai GAPs, Lao GAP, Viet GAP).

To encourage DPs & EPs to support projects and programs under the IAI priority areas and to expedite the implementation arrangement, IAI&NDG Division and IAI Task Force should put every IAI project/program on a fast track. This fast track will encourage ASEAN – 6 and DPs and EPs to support CLMV through IAI channels. Once, the IAI Project “Accreditation” Rule of Procedures and Guidelines are revised, disseminate them widely to line agencies in CLMV, ASEAN-6 and DPs & EPs.

D.4 Develop Communication Plan. “Narrow Development Gap and Promote Equitable Economic Development” between CLMV and ASEAN - 6 is not a short-term goal but an Affirmative Action of ASEAN for at least the next decade. Therefore, a good communication plan need to be in place to: maintain the high

profile of IAI/NDG/EED issues by placing the subjects in every major ASEAN meeting like ASEAN Summit, Ministerial Meetings and SOM, SEOM, and SOCA; promote IAI Work Program in all major regional and subregional events; disseminate widely, IAI intervention results, changes, success stories and best practices; and actively mobilize resources for IAI projects and programs. The computerized IAI project database and progress reports should be made available for public with linkage to relevant websites like LMI, MRC, MI, GMS, EOC, and website of key development partners.

It is vital to communicate success and show results of IAI projects. Success stories and best practices need to be recorded and disseminated widely. For instance, the Laos Pilot Programme could be cited as one of the examples of the project/program of the IAI WP II that promote the implementation of ASEAN Framework Agreements at the national level: a) as it was designed to directly respond to the specific needs of a country; b) it is a result-oriented technical cooperation project which is well combined of both soft and hard-ware components; and c) it links with other regional and national projects of the same nature.

E. Strengthening IAI Secretariat and Work Plan Formulation Process

The study reveals that the current institutional arrangements have some limitations. First, the IAI Priority Actions were formulated without active participation of CLMV planning agencies that are directly responsible for the respective country's socio-economic development strategy and plan. These agencies are Cambodia Development Council, Laos Ministry of Planning and Investment, Myanmar Ministry of National Planning and Economic Development and Ministry of Planning and Investment of Viet Nam. The next round of IAI Work Plan formulation exercise is just around the corner. ASEC should take this opportunity to carry out participatory program planning process for IAI Work Plan 3 and solicit active involvement of all these key planning agencies, sectoral bodies including ACW and ACWC.

IAI & NDG Division itself needs to be urgently strengthened and capacitated. Currently staffing with three professional staff, the division works are limited to compiling and updating Priority Actions List, collecting and reporting on list of projects implemented or being implemented under the IAI umbrella and facilitating and encouraging key stakeholders to implement the IAI Work Plan.

As shown in **Figure 4**, under this proposed institutional arrangement, the IAI & NDG Division will continue to, functionally, be accountable to the IAI Task Force and

administratively report to the AEC Department. Led by Head of Division, it should comprise two interrelated units - each managed by one Senior Officer, one Technical Officer and a Technical Assistant. These two units should work closely with (to-be established) national IAI antennas in CLMV in carrying out their works.

- a. The Donor Coordination and Monitoring Unit will be responsible for establishing and maintaining IAI Donor Database to include all IAI related projects/programs under national, subregional and regional levels; working closely with CLMV focal points/antennas and project implementors to monitor, follow up and report on results of IAI accredited projects and programs against the corresponding strategic objectives and outcomes.
- b. The IAI Program Planning and Resource Mobilization Unit will be responsible for facilitating and coordinating project/program design, development and appraisal process. It will serve as the linkage between triangular parties, CLMV, interested ASEAN-6 member(s) and potential dialogue partner(s) in identifying joint development interventions, conducting scoping studies, presenting and defending project proposals at the IAI Taskforce/CPR meetings.
- c. National Focal Points/Antennas. There is a clear need to appoint a national antenna in each of the CLMV countries. The role of this antenna is to serve as a focal point of IAI projects/programs in the respective country; facilitate scoping studies and field visits of IAI related missions; maintain and update donor & IAI project database on projects/programs at the national level. Expenses for having these antennas should be included in the Computerized Donor Mapping Project. It is also recommended that these national focal points be appointed from the respective national planning agencies since they are the custodians of donor and development projects databases and the focal points for ODA and FDI.
- d. Gender Specialist. To ensure that Gender and social inclusiveness are mainstreamed into all new IAI projects and programs, it is recommended that a Gender and Social Inclusiveness Specialist position be added to this division, at least for the first two years to facilitate this change. She/he will report directly to the Head of IAI & NDG Division and is responsible for provide technical assistance to both units in all areas related to Gender and Social Inclusiveness - including setting up and monitoring gender disaggregated data, establishing gender mainstreaming guidelines, training Secretariat staff and national planning officials on gender and social

inclusiveness, and provide technical assistance to national, subregional and regional organizations in planning, implementing, monitoring and evaluating projects/programs using a preset gender indicators.

F. Monitoring and Evaluation.

M&E system to be set up by IAI & NDG Division has to go beyond the current “voluntary reporting system” To continue to attract support from ASEAN – 6 and from development partners, ASEC will have to have an effective monitoring and evaluation system in place to enable it to track the progresses and demonstrate the results of IAI projects in narrowing development gaps and improving equitable and inclusive economic development. It is recommended that the following mechanism be further developed by ASEC:

- a. IAI Project Database and Donor Mapping. The IAI&NDG Division should conduct stocktaking and assessment of projects and programs being planned and or implemented in the CLMV countries that contribute directly to the IAI strategic objectives. Under each strategic objective, record and monitor all assistance programs at all three levels: national, subregional and regional. These mapping and computerizing IAI projects/programs information will provide ASEAN, other donors, the CLMV governments, the private sector, research centers, and other potential users with important information about projects/programs being undertaken. This IAI programs/projects mapping should then be developed further into IAI Programs Database to be used as bases for monitoring and evaluation.
- b. Expand IAI Project Guidelines to include results-based project design and planning mechanisms. These include the formulation of “Results Chains”, Design and Monitoring Framework (Logframe), baselines collections, and setting targets and performance indicators. Unless, the project is presented in the “Results-based” design, it should not be considered as IAI Projects.

To apply Results-based Monitoring and Evaluation system for all capacity building and training programs to be implemented under IAI umbrella, these projects and programs should be designed using a competencies-based principle and implemented through a modular training cycle. This will enable project owners and IAI&NDG Division to track the applications of newly acquired skills and knowledge and document the results of each training cycle. **Annex 4** elaborates in details the modular training program concept and tools.

- c. Monitoring and Report System should emphasize on “Results” or outcomes rather than outputs. For instance, instead of reporting about no. of participants completed a training course on GAP, the report should focus on the application of skills by individual participants and changes brought about by the project on the ground. This would mean the establishment of monitoring mechanism in each of the CLMV and the change in reporting requirements.
- d. Impact Evaluation. As part of the post 2015 IAI Strategic Framework formulation process, an impact evaluation should be conducted to assess outcomes and impacts of IAI projects and programs on the integration of CLMV socio-economies into ASEAN Community and in narrowing development gaps. The good (or) bad practices and lessons learned from this would be valuable for the planning of post 2015 IAI Work Program.

G. Next Steps

To move forward and expedite the implementation of IAI WP II, the following immediate actions are recommended:

1. Strengthening IAI&NDG Division by recruiting highly qualified professionals for the following positions
 - a. Senior Officer - Project Design and Planning
 - b. International/Regional Consultant - Gender Mainstreaming and Social Inclusive
 - c. Senior Officer – Results – based Monitoring and Evaluation
 - d. Two Technical Officers
 - e. Two Technical Assistants
2. Putting in place Computerized Database on IAI Projects and Resource Mapping. Conduct stocktaking and assessment of projects and programs being planned and or implemented in the CLMV countries that contribute directly to the recommended strategic objectives. Under each strategic objective, record and monitor all assistance programs at all three levels: national, subregional and regional. These mapping and computerizing IAI projects/programs information will provide ASEAN, other donors, the CLMV governments, the private sector, research centers, and other potential users with important information about projects/ programs being undertaken. This study should include an analytical assessment of the development gaps and areas which do not have sponsors or not adequately address the need of CLMV. Quoted from a written feedback by

Germany to the draft MTR “...the computerized database will also differentiate between specific IAI projects (in accordance with the criteria already stipulated by the IAI Task Force for ‘accreditation’) and contributory support measures at other levels (for complementary approaches that create synergies and leverage, and avoid an overlap or duplication of efforts).”

Germany has also expressed that it is ready to support this computerized donor mapping and IAI projects database within the project “Support to the Initiative for ASEAN Integration within the Framework of the ASEAN Single Market.”

Learning from MI experience in developing donor database on Food Security in Lower Mekong Countries, the database should at least generate the following outputs:

1. a user-friendly database containing information on projects/programs under IAI Strategic Objectives and their respective donors.
2. a publically available geographical donor map (‘geo-map’) that visually maps the database list through the use of categorical filters;
3. IAI snapshot for each intervention areas (1-2 page documents) designed for high-level government officials that market activity achievements, milestones, and donor coordination;
4. bi-weekly social networking tweets on relevant developments in CLMV; and
5. monthly newsfeeds that highlight IAI projects progress, success stories and best practices in CLMV.

The specific format and content of the outputs mentioned above should be easily accessible to a broad audience, user-friendly and has useful and updated information.

This IAI programs/projects mapping should then be developed further into IAI Programs Database to be used as basis for M&E system. A lot of these projects/programs have already been listed in **Annex 3 and 4** of this report. The to-be established national focal points or IAI country antennas and the Donor Coordination & Monitoring Unit are responsible for maintaining and updating this database.

3. Using the donor database as reference, for each strategic objective/specific outcome, conduct an analytical assessment to identify implementation gaps at three levels: ASEAN – 10, CLMV and National.¹⁹

- a. ASEAN-10 level projects with special focus on CLMV- for instance National Single Window, Custom Harmonization, Product Standards and Conformity, GAP, GAHP, GAqP. These systems and standards have standing ASEAN level agreements and guidelines that need to be applied by all AMS together. Identify the areas where the CLMV countries face challenges in implementation.
- b. Subregional/CLMV-level projects - Gaps identification should focus on tasks where closer cooperation between the CLMV countries is envisaged and warranted, for instance, enhancing cross-border trade, facilitating the exchange of experiences, and strengthening consultation mechanisms for the CLMV to more actively participate in the dialogue with ASEAN – 6 and DPs & EPs.
- c. National level projects – to identify country specific challenges that cannot be overcome through subregional or regional projects but would have big implications on the successful integration of the country socio-economy into ASEAN Community. These national specific areas should directly support the country development strategy – for instance, improving agricultural infrastructure in Lao PDR and Cambodia to reduce postharvest losses; improving fiscal policies and investment laws in Myanmar; and improving monetary policy of Viet Nam towards controlling inflation and reducing macroeconomic fluctuations.

4. Based on the initial implementation gaps, make assessment of these gaps and map out intervention strategies as shown in the following examples:

¹⁹ Adapted from a written feedback by Germany on 26 February 2014

Table 6. Examples of Development Gaps and Intervention Strategies

| Strategic Objectives | Gaps | Potential donors and Intervention Strategies |
|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Improved Trade and Investment Facilitation Capacity and Services in CLMV | CLMV lack capacity in implementing ASEAN-wide Agreements on Standards and technical regulations and conformity assessment, quality assurance, accreditation and measurement | <ol style="list-style-type: none"> 1. PTB's Improving the Quality Infrastructure in ASEAN 2. ARISE 3. ACCSQ <p><i>Discuss with the three projects/ bodies to provide follow up funding and TA to concerned national agencies of CLMV</i></p> |
| | <p>CLM lack behind in GAP, GAHP, GAqP and Sanitary and Phyto-sanitary measures establishment and harmonization</p> <p>Different GAPs are being implemented in ASEAN (QGAP, GlobalGAP, ASEAN GAP, Thai GAP, VietGAP)</p> | <p>Organize joint working sessions with concerned officials of AADCP II, MI, JICA, and ADB to harmonize standards, measures, procedures and accreditation of GAP, GAHP and GAqP in CLMV and ASEAN-wide</p> <p>In order to receive "IAI Project Accreditation", all these national projects, subregional projects and ASEAN-wide projects should form linkage or community of practices.</p> <p>Seek fund for Myanmar to implement GAP</p> |
| | CLMV need to ease investment rules and regulations; enforcement of contracts, competition policy, dispute settlement, and government policy reform. | ADB, World Bank, SCP. This capacity building program should be done through Triangular cooperation between Singapore, Malaysia and an OECD country(s). Singapore and Malaysia can share best practices while OECD countries, ADB, and WB can provide technical assistance |
| | SMEs in CLMV are domestic oriented, fragmented and many have not integrated into regional value chains | <p>Should work closely with SME Working Group to develop concept papers and approach donors. (USAID, SDC, GIZ,)</p> <p>Seek technical assistance from UNESAP Private Sector Development Division, UNIDO and ILO and EDII in designing capacity development packages on SME Clusters and Export Consortia</p> <p>Request Thailand to provide best practices on SME Cluster Development.</p> |

5. Facilitate Project/Program Formulation Process. Make follow up with interested ASEAN – 6 and potential donors to further develop these recommended actions into project documents and detailed implementation plan. This would require scoping study and feasibility missions to CLMV so that concerns national agencies and non-state institutions (like chambers of commerce, SME associations, women union) are involved in the project design and planning. Contrary to infrastructure development, ‘soft infrastructure’ involves many institutions and changes in laws and regulations beyond the scope of Foreign Affairs. The GMS Economic Cooperation Program, for instance, is closely associated with planning agencies (NESDB, MPIs, CDC, MNP&ED).

Based on the results of scoping study and feasibility missions, coordinate with ASEAN – 6, DPs & EPs on the development of project action plans, proposals, etc. and facilitate their IAI “Accreditation”. It is anticipated that some of the projects can be initiated under IAI WP II and many of the identified projects would have to be carried forward to the post-2015 IAI Work Plan.

6. Develop post- 2015 IAI Framework and initiate the participatory IAI WP III formulation process and ensure that a well-developed IAI WP III is approved by ASEAN leaders during the 2015 Summit and is ready for resource mobilization and implementation in early 2016. This post 2015 IAI Framework and Work Plan for 2016 – 2021 Preparation Project provides golden opportunity for ASEC to:

- a. Conduct impact evaluation of IAI projects and programs and use the findings and lessons learned to improve the post 2015 Work Plan.
- b. Conduct participatory planning process cum capacity development for CLMV officials and non-state actors in “Results-based Project Design and Planning” and gender mainstreaming. As recommended in the Consultative Meeting on 20 February, there is a great need for capacity development in project design and preparation among CLMV countries in the context of the proposed Work Plan formulation process. This should be done through participatory approach with an active participation of and key roles to be played by key national planning agencies of CLMV to ensure ownership, an inclusiveness and a sense of responsibility to enable them to interpret their real needs/challenges into projects.
- c. Using the recommended strategic objectives and outcomes as the basis, make further refinements, collect baseline data, formulate specific targets and indicators for each outcome; and formulate detailed work plan.

7. Develop a work program for the other recommended interventions such as a series of training program on the use of gender and social inclusiveness guidelines, the development of a communications plan and of mechanisms to move towards results-based M&E.

IV. CONCLUSION AND LESSONS LEARNED

1. Influence of P.R. China and Thailand Development Policies on CLMV Economic Development.

The MTR noted that economic development in CLMV has been heavily influenced by their two neighboring countries – Thailand and China. Because of their proximity, it is unavoidable that changes and developments in one country will have positive or negative impacts to their neighbors. Thailand and China both serve as inputs providers and the major markets of products from CLMV. For instance, in 2010, the aggregated volume of the total export from the CLMV and Thailand to China reached USD 30,358.92 million or 10.74 percent of the total export from these countries to the world (USD 282,748.24 million) (UN COMTRADE, 2013).

We therefore learned that: a) the active supports of Thailand (ASEAN member) and P.R. China (ASEAN Dialogue Partner) are very vital for the successful implementation of IAI Work Plan. So far, both countries have yet contributed significantly through IAI channels²⁰; and b) The Greater Mekong Subregional Cooperation Framework, of which, CLMV, Thailand and China are members, need to be taken into consideration when ASEAN wishes to implement regional agreements in the subregion. For example, the ASEAN Customs Transit System being pilot tested with Malaysia should be compatible with the system that is already in place under the GMS CBTA.

2. Commitment and Ownership. In the context of this changing world economic, political and development assistance environment, there is a real danger that development challenges of CLMV countries are left unrecognized and neglected. Such a situation would have a large negative impact on the development of ASEAN Community. Therefore, IAI have to be institutionalized on top of ASEAN Agenda and ASEAN – 6 have to lead these interventions so that they can produce tangible results and catch intentions of

²⁰ China and Thailand contribute significantly to the development of Cambodia, Lao PDR and Myanmar via bilateral arrangements.

other development partners. Regardless of whether one wants to see donor involvement as a blessing, a necessity, or a curse, there is no way around the requirement that the AMS will have to show more responsibility and commitment in the shaping of the economic community and develop a stronger sense of ownership.

3. Capacity Development is not a Capacity Blueprint. The uncertainties and complexities of regional cooperation and integration demand a capacity by both individuals and organizations, to engage in multiple forms of learning, across diverse contexts and settings and, interacting with diverse people and interests. The last and very important lesson we have learned is that capacity is not something that can be built through a series of carefully planned and executed activities that follow a clear and detailed plan or “Blueprint” with specific timeframes and strict budgets. It is an organic process of growth and development involving experimentation and learning as it proceeds. Therefore, recommended capacity development program presented in this report is a process of capacity development rather than a capacity blueprint. It is a work-in-progress to be modified, adapted, and/or changed.

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VI. List of Abbreviations

A

| | |
|---------|---------------------------------------------------------------------------------------------------------------------------------|
| AADCP | ASEAN-Australia Development Cooperation Programme |
| ACCF | ASEAN-China Cooperation Fund |
| ACCSQ | ASEAN Consultative Committee on Standards and Quality |
| ACDD | ASEAN Customs Declaration Document |
| ACIA | ASEAN Comprehensive Investment Agreement |
| ACMW | ASEAN Committee on the Implementation of the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers |
| ACPMS | ASEAN Community Progress Monitoring System |
| ACTS | ASEAN Credit Transfer System |
| ACW | ASEAN Committee on Women |
| ACWC | ASEAN Commission on the Protection of Women and Children |
| ADB | Asian Development Bank |
| ADF | Asian Development Fund |
| AECS | AANZFTA Economy Cooperation Support Program |
| AEEAP | ASEAN Environmental Education Action Plan |
| AFAFGIT | ASEAN Framework Agreement on the Facilitation of Goods in Transit |
| AFAFIST | ASEAN Framework Agreement on Facilitation of Inter-State Transport |
| AFAMT | ASEAN Framework Agreement on Multimodal Transport |
| AFAS | ASEAN Framework Agreement on Services |
| AFCC | ASEAN Multi-Sectoral Framework on Climate Change |
| AFEED | ASEAN Framework on Equitable Economic Development |
| AGC | ASCOPE Gas Centre |
| AHN | ASEAN Highway Network |
| AIA | ASEAN Investment Area |
| AIFF | Asia Infrastructure Financing Facility |
| AIGA | ASEAN Investment Guarantee Agreement |
| AIMR | ASEAN Integration Monitoring Report |
| ALM | ASEAN Labor Ministers |
| AMBDC | ASEAN-Mekong Basin Development Cooperation |

| | |
|--------|--------------------------------------------------------------------------------------------|
| AMRDPE | ASEAN Ministers and Senior Officials Meetings on Rural Development and Poverty Eradication |
| AMS | ASEAN Member States |
| APAEC | ASEAN Plan of Action for Energy Cooperation |
| APG | ASEAN Power Grid |
| APRIS | ASEAN Programme for Regional Integration Support |
| AQA | ASEAN Quality Assessment |
| ARISE | ASEAN Regional Integration Support from the European Union |
| ASAM | ASEAN Single Aviation Market |
| ASCOPE | ASEAN Council on Petroleum |
| ASW | ASEAN Sub-Committee on Women |
| ATA | Air Transport Agreement |
| ATAP | ASEAN Transport Action Plan |
| ATIGA | ASEAN Trade in Goods Agreement |
| ATM | ASEAN Transport Ministers |
| AUN | ASEAN University Network |
| AWP | ASEAN Women's Program |

B

| | |
|-----------|--------------------------------------------------------------|
| BIMP-EAGA | Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area |
| BPoA | Beijing Platform of Action |

C

| | |
|-----------|----------------------------------------------------------------------------|
| CAICF | China-ASEAN Investment Cooperation Fund |
| CBTA | Cross-Border Transport Agreement |
| CCF | Climate Change Fund |
| CEDAW | Convention on the Elimination of All Forms of Discrimination Against Women |
| CEFPF | Clean Energy Financing Partnership Facility |
| CEPT-AFTA | Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area |
| CIQ | Customs, Immigration, Quarantine |
| COCI | Committee on Culture and Information |
| CPL | Competition Policies and Laws |

D

| | |
|-------|--------------------------------------------------------------------|
| DEVAW | Declaration on the Elimination of Violence Against Women in ASEAN |
| DP | Dialogue Partners |
| E | |
| EED | Equitable Economic Development |
| EP | External Partner |
| ERIA | Economic Research Institute for ASEAN and East Asia |
| ESC | ASEAN Environmentally Sustainable Cities |
| ESCAP | United Nations Economic and Social Commission for Asia and Pacific |
| F | |
| FACE | Facility for Asia Cooperation and Environment |
| FAO | Food and Agriculture Organization |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Agreement |
| G | |
| GAP | Good Agriculture Practices |
| GAHP | Good Animal Husbandry Practices |
| GAqP | Good Aquaculture Practices |
| GMP | Good Manufacturing Practices |
| GMS | Greater Mekong Sub-region |
| H | |
| HAPUA | Heads of ASEAN Power Utilities/Authorities |
| HACCP | Hazard Analysis and Critical Control Points |
| I | |
| IAI | Initiative for ASEAN Integration |
| IBRD | International Bank for Reconstruction and Development |
| ICFF | Investment Climate Facilitation Fund |
| IDA | International Development Assistance |
| IEE | Implementation Engineering Expertise |
| IFC | International Finance Cooperation |
| ILP | Import Licensing Procedure |
| J | |
| JAIF | Japan – ASEAN Integration Fund |
| JBIC | Japan Bank for International Cooperation |
| JICA | Japan International Development Cooperation Agency |
| L | |

| | |
|---------|-----------------------------------------------------------------------------------|
| LCCs | Low Cost Carriers |
| LIFE | Leading Investment for Future Environment |
| LPP | Laos Pilot Program for Narrowing the Development Gap Towards ASEAN Integration |
| M | |
| MAAS | ASEAN Multilateral Agreement on Air Services |
| MAFLAFS | ASEAN Multilateral Agreement on the Full Liberalization of Air Freight Services |
| MAFLPAS | ASEAN Multilateral Agreement on the Full Liberalization of Passenger Air Services |
| MDG | Millennium Development Goals |
| MI | Mekong Institute |
| MPAC | Master Plan on ASEAN Connectivity |
| MRAs | Mutual Recognition Arrangements |
| MRC | Mekong River Commission |
| MRLs | Maximum Residue Limits |
| N | |
| NCAW | National Commission for the Advancement of Women |
| NDGIs | Narrowing Development Gap Indicators |
| NII | National Information Infrastructure |
| NSAW | National Strategic Plan for Promoting Women |
| NSWs | National Single Windows |
| NTMs | Non-Tariff Measures |
| O | |
| OFW | Oversea Filipino Workers |
| OCR | Ordinary Capital Resources |
| P | |
| PPIAF | Public-Private Infrastructure Advisory Facility |
| PPP | Public-Private Sector Partnerships |
| R | |
| RCEP | Regional Comprehensive Economic Partnership |
| RCIF | Regional Cooperation and Integration Fund |
| RCPRF | Regional Cooperation and Poverty Reduction Fund |
| RELATED | |

| | |
|----------|-----------------------------------------------------------------------------|
| RIATS | Roadmap for Integration of Air Travel Sector |
| RICMT | Roadmap towards an Integrated and Competitive Maritime Transport |
| RGC | Royal Government of Cambodia |
| RILS | Roadmap for Integration of Logistics Services |
| ROOs | Rules of Origins |
| OCR | Ordinary Capital Resources |
| S | |
| SEOM | Senior Economic Officials Meeting |
| SKRL | Singapore-Kunming Rail Link |
| SLOM | Senior Labor Officials Meeting |
| SMEs | Small and Medium-sized Enterprises |
| SOCA | Senior Officials for the ASEAN Socio-Cultural Community |
| SOM AMAF | Senior Officials Meeting of the ASEAN Ministers on Agriculture and Forestry |
| SOMDP | Senior Officials Meeting on Development Planning |
| SOM-ED | Senior Officials Meeting on Education |
| SOMHD | Senior Officials Meeting on Health and Development |
| SOMRDPE | ASEAN Senior Officials Meeting on Rural Development and Poverty Eradication |
| SOMRI | Senior Officials Meeting on Information |
| SPS | Sanitary and Phyto-Sanitary |
| T | |
| TAGP | Trans-ASEAN Gas Pipeline |
| TBT | Technical Barriers to Trade |
| TRs | Transport Routes |
| U | |
| UPR | Universal Periodic Review |
| V | |
| VAP | Vientiane Action Programme |
| W | |
| WAGE | Women's Advancement and Gender Equality |
| WP | Work Plan |