

AADCP II
ASEAN-Australia Development Cooperation Program Phase II

**Results and
Achievements
2015**



**Australian
Aid** 

Results and Achievements 2015



Key Outcome One

A Better Knowledge and Evidence Base for Regional Policy-making and Regulation for AEC

As ASEAN progresses to a single economy, effective policies are required to realise this aim. AADCP II works with the ASEAN Secretariat (ASEC) to support development of high-quality research and evidence based policy analysis. This helps ASEAN policy makers in their efforts to make well-informed decisions and implement quality policies in various AEC key sectors.

Supporting ASEAN Outsourcing

ASEAN has a strong advantage in attracting investors to outsource in the region. To support the possible establishment of outsourcing promotion mechanisms in ASEAN, AADCP II helped produce ASEAN's first comprehensive analytical study on regional outsourcing opportunities: **Regional Report for ASEC on the Strategic and Tactical Positioning of ASEAN to be More Competitive in Outsourcing Industries**. The report provides analysis of the current outsourcing situation in ASEAN Member States and offers practical policy recommendations at regional and national levels. This information provides a platform for AMS to reframe economic policies and programs according to needs and priorities of individual countries in order to be more competitive in outsourcing industries and to increase ASEAN's international competitiveness. While the study assesses outsourcing across all ASEAN Member States, there is a particular focus on CLMV countries (Cambodia, Lao PDR, Myanmar and

Vietnam) as part of ASEAN's ambition to narrow the development gap.

The report received positive feedback from the ASEAN Coordinating Committee on Investment (CCI) and has influenced the development of the investment Work Programme 2015-2020, a key document to meet the objectives of the investment pillar for the ASEAN Economic Community (AEC).

Furthering ASEAN Connectivity

AADCP II intensified support to help ASEAN promote connectivity across the region through its Master Plan on ASEAN Connectivity (MPAC). In collaboration with the World Bank and ASEC's Connectivity Division, AADCP II supported a comprehensive review of ASEAN Connectivity. The review examines how well MPAC has progressed and suggests potential policy levers to advance connectivity. This analysis will provide direction for more effective implementation and better policy design for the Post-2015 Agenda.

AADCP II is also supporting the development of indicators for the existing ASEAN Connectivity Implementation matrix (ACIM) to measure the extent that policies and processes attached to MPAC strategies and key actions have been implemented. This work will strengthen ASEAN's capacity to analyse performance and will help member states prioritize projects and trace the impact of policy decisions.

Recognising the need to leverage private capital for the implementation of projects under the MPAC, AADCP II has provided technical assistance to promote infrastructure financing through the Public Private Partnership model. Work, which was done through collaboration with the World Bank, has included reviewing the viability and bankability of infrastructure projects and then establishing a list of high priority projects for investment. The report will be finalised in the second quarter of 2016 and will include a roadmap for eight top ranked shortlisted projects. The roadmap will outline key decisions and actions required for the implementation of projects, taking into account relevant technical, commercial and regulatory issues. This will enable ASEAN and the Member States to plan and proceed to the next phase of detailed project structuring and implementation.

In cooperation with ASEAN, the International Energy Agency (IEA) and the ASEAN Center for

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Energy (ACE), AADCP II supported a report called **Development Prospects of the ASEAN Power Sector: Towards an Integrated Electricity Market**. The report analyses short to medium term challenges for ASEAN electricity market integration and governance. Overcoming these challenges will eventually lead to the establishment of subregional electricity markets that could in turn advance deeper integrated regional electricity systems and better energy connectivity, thus giving rise to a more secure, reliable electricity supply to support ASEAN's growing economies. The report provides guidance to policy makers in response to the demand to establish and strengthen necessary institutions and frameworks to develop reliable and more sustainable electricity systems. The report was well received by Ministers following a presentation at the 33rd ASEAN Energy Ministers Meeting (AMEM) and the 9th East Asia Summit (EAS) Energy Ministers' Meeting in October 2015.

Facilitating Policy to Promote ASEAN Services Integration

Liberalisation of the services sector is a relatively new development when compared with trade in goods. The evolving and intangible nature of trade in services, along with numerous rules and regulations that govern it, make it difficult for the international community and for ASEAN to cope with constant changes in services trade. The recent emergence of unique services sectors and subsectors (especially in e-commerce) which are not covered by the GATS and the AFAS have created more problems for the region in proactively managing services trade liberalisation. In cooperation with the World Bank, AADCP II published the **ASEAN Service Integration Report (ASIR)**, to help build the knowledge base needed for the adoption of policies to promote ASEAN services integration.

In June 2015, the draft report was presented and discussed at an ASEAN Services Forum: "Regional Integration of Services in ASEAN countries: Progress and Challenges". The ASIR provides a comprehensive analysis of ASEAN's achievement in services integration and examines ASEAN commitment to integrate services trade. It also reviews ASEAN's commitments under the eight "ASEAN Framework Agreement on Services" (AFAS) package. This report will help individual AMS plan a path towards economic integration, particularly with respect to domestic regulations affecting services policies.

AADCP II is supporting implementation of regulatory mechanisms in trade in services, particularly ASEAN Mutual Recognition Arrangement (MRA) Frameworks for accountancy and surveying services. AADCP II supported development of a roadmap to assist the move towards greater mobility of ASEAN personnel in these professions. The roadmap outlines sequenced measures to create an enabling environment for MRA implementation. It also establishes broad principles for the negotiation of bilateral and multilateral MRAs between or among ASEAN Member States.

Facilitating Policy for Consumer Protection

Consumer Protection is an important component in building a people oriented AEC. In 2015, AADCP II continued its ongoing activities to support national implementation of sound consumer policies and protection practices. Together with ASEC's Consumer Protection and IPR Division and UNCTAD, AADCP II produced the second volume of **Policy Guides on Consumer Protection**, a comprehensive guide for policymakers to help them formulate better policies, laws and institutions. The guide draws on analytical literature and experiences from outside of ASEAN. Themes from these materials were discussed at the second Annual Consumer Protection Conference in late 2015. This AADCP II-supported event allowed ASEAN stakeholders to discuss the future direction of consumer trends and protection challenges and to consider how AMS can better promote consumer protection in the region.

AADCP II provided support for the development of the **ASEAN Strategic Action Plan for Consumer Protection: Meeting the Challenges of a People-Centered ASEAN beyond 2015 (2016-2025)**. This policy document sets out ASEAN's strategy for consumer policy over the next ten years. The plan will guide ASEAN to work towards a common consumer protection framework, and integrate consumer concerns into other ASEAN policies to maximize benefits of the AEC for consumers and business. The adoption of the new strategic plan has encouraged stronger coordination between the ASEAN Committee for Consumer Protection and relevant ASEAN working groups related to competition, electronic commerce, financial services, air transport, telecommunication, energy and international trade.



Key Outcome Two

Appropriate Norms and Standards Established for AEC to Progress

With increased trade in goods and services, there is a need for ASEAN common guidelines and standards to harmonise policies, approaches and mechanisms across ASEAN member States (AMS). Working with ASEC's ICT & Tourism Division, AADCP II supported the implementation of Mutual Recognition Arrangements (MRA) on Tourism Professionals by developing standardized competency-based training and skills assessment manuals for Tour Operators and Travel Agencies. This followed previous development of similar standards for other tourism divisions: Housekeeping, Food Production, Food and Beverages Services, and Front Office. These standards are crucial for facilitating ASEAN-wide recognition of tourism professionals' qualifications.

Responding to increasing demand from Member States, AADCP II continues to conduct Train-the-Trainer programs for the implementation of the MRA on tourism professionals. In 2015, 91 national trainers and 86 national assessors were trained in using the newly-developed training and skills assessment manuals for Front Office, Food and Beverage Services and Food Production Divisions. These national trainers provide a good foundation for AMS to carry out 'multiplier' trainings to continue

to grow the pool of national trainers and assessors in their respective countries.



Further supporting the MRA on tourism professionals, work to develop an ASEAN Tourism Professionals Registration System (ATPRS) is currently ongoing. The web-based system will

function as a job-matching platform between ASEAN tourism professionals and the hospitality industry, to boost the mobility of tourism professionals across the region.

AADCP II has also supported ASEAN to foster the implementation of MRAs for services professionals outside of the tourism sector. A set of handbooks on **Liberalisation of Professional Services through Mutual Recognition in ASEAN** for engineering, architecture, accounting and surveying services was published in 2015. The handbooks identify core qualifications and domestic regulations, as well as best practice models related to the four services sub-sectors. These handbooks are designed for use by policy makers, professionals and hiring firms and are intended to increase the flow of services professionals within ASEAN by contributing to the improvement of domestic regulatory frameworks; development of professional certification or licensing systems; development of common reference frameworks; and harmonisation of academic curriculum in the four sub-sectors in each AMS. The handbooks also include analysis on the how gender is treated in the regulatory environment of the four sub-sectors examined. Specifically, analysis on whether qualifications and certifications systems, as well as related labour regulations in the AMS, provide equal benefit and opportunities to women.



Key Outcome Three

Stakeholders Better Aware of the Concepts, Benefits and Opportunities Involved in the AEC

Another area of work facilitated by AADCP II is raising stakeholder awareness of the benefits and opportunities of the AEC.

In April and May 2015, two forums on Transforming Investment in ASEAN through ACIA were organised in Indonesia and Brunei Darussalam. The events covered a wide range of

topics on the improved features and potential benefits of ACIA and helped create a better understanding of the ASEAN Comprehensive Investment Agreement (ACIA) among investors, businesses, policy makers and academia. This initiative received positive feedback from Member States and inspired similar 'spin-off' events by individual countries, such as Lao PDR, which held its own forum based on the AADCP II-supported model.



To increase understanding of FDI developments in ASEAN, AADCP II continued to support the preparation of an annual investment report. This year, the **ASEAN Investment Report 2015: Infrastructure Investment and Connectivity** highlighted the important role of the private sector in infrastructure development and connectivity, with a particular focus on how governments can bridge infrastructure gaps in the region. The report was launched at the ASEAN Business Summit 2015 – on the sidelines of the 27th ASEAN Summit in Malaysia.

Building Skills for Policy Makers

ASEAN's ability to push for greater regional integration is, to a large extent, determined by the capacity of Member States to develop, manage and monitor the process. In 2015, AADCP II worked to improve the capacity of ASEAN officials and

Building Skills for Policy Makers

institutions through training and the introduction of best practices. For example, to help improve the investment environment, an AADCP II report identified good practices in investment promotion and facilitation and suggested areas for improvement through a practical issues paper and action plan. This support will assist Investment Promotion Agencies to incorporate international best practices into their own investment promotion efforts.



The 2nd ASEAN Consumer Protection Conference was held in Bangkok in December 2015

A key challenge for policymakers in a liberalised ASEAN market is the need to establish an efficient and consistent consumer protection regime. AADCP II supported a comprehensive capacity-building project with the primary goal to build and strengthen the ability of government officials to design and implement consumer protection policies and laws. The project supported development of modules and delivery of two train-the-trainer programs, focusing on six consumer concerns as identified in AADCP II's 2011 **Road-mapping Capacity Building Needs in Consumer Protection in ASEAN** project. Focus areas include: Product safety and labelling; Phone and internet services, and e-commerce; Consumer credit and banking; Environment; Healthcare services; and Professional services. Training has helped ASEAN government officials improve enforcement capacities, including complaints handling and inter-agency collaboration and communication. This new set of skills and knowledge will allow them to undertake follow-on capacity building training within their own agencies.

AADCP II also supported the development of public awareness models and the ASEAN regional

communication strategy for consumer protection. These outputs will assist AMS to build consumer education programs; an important vehicle for building consumer confidence and contributing to the well-being of people and the stability of the economy.

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Key Outcome Four

ASEAN Secretariat Better Able to Support AEC Progress

AADCP II has supported institutional capacity strengthening of the ASEAN Secretariat (ASEC) since 2009. In cooperation with the ASEAN

the **ASEAN Integration Report (AIR)** and intends to continue publishing future reports based on the original AADCP II-supported publication. The Gap Adjusted ASEAN Development Index (GAADI), a measure which originated from an AADCP II publication in 2013, *Narrowing the Development Gap, Drivers and Policy Option*, has been cited as one of the tools used in AIR for gathering empirical evidence on the relationship between regional integration and economic development, and distinguishing development drivers and barriers from development outcomes. The AIR 2015 examines all four pillars of the AEC, with analysis covering a longer timeframe, as the adoption of the AEC Blueprint has broader coverage than the original AIMR.

Capacity building activities undertaken in 2015 have included discussions and training on the ASEAN World Integrated Trade Solutions (WITS). This training has provided ASEC staff from AIMO, Statistics Division and Trade Facilitation Division with important skills in the use of the new system and provides groundwork for better monitoring and strengthening coordination in trade and tariff



Dissemination Seminar of the ASEAN Services Integration Report, December 2015

Integration Monitoring Office (AIMO) and The World Bank, AADCP II published the **ASEAN Services Integration Report (ASIR)**. This report follows on from the 2014 **ASEAN Integration Monitoring Report (AIMR)** and provides important analytical advice to help strengthen ASEC's monitoring and evaluation capacity for economic integration.

The original AIMR was an important tool and benchmark for monitoring as it established a model for future monitoring by AIMO. The benefit of supporting this early work is evident when in late 2015, AIMO published their own take of the AIMR,

data management in ASEC.

AADCP II also supported ASEC's Corporate Affairs Department to commission a "needs assessment" study to help the move towards more efficient administrative and business processes in ASEC. The needs assessment analysed areas for improvement within ASEC's Corporate Affairs Department and provided recommendations for a suitable business management system. If adopted, the system would help ASEC make significant long-term improvements to its existing business practices.



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