



# Aid Program Performance Report 2012–13 East Asia Regional

## Key messages

This report summarises the aid program's progress from January 2012 to 30 June 2013 in the East Asia Regional program. Australia's objectives for the program 2011–2015<sup>1</sup> are:

- > Objective 1: improved capacity of regional organisations to address agreed priority development challenges.
- > Objective 2: promoting and managing economic integration.
- > Objective 3: addressing priority transboundary issues.

In addition, this report highlights the gains DFAT<sup>2</sup> has made in promoting regional connectivity and social protection in the Mekong Subregion. This includes the outcomes of DFAT's investments in trade and transport facilitation and HIV prevention activities along newly constructed or recently maintained roads in the Mekong.

Our regional programs address transboundary development needs, and complement DFAT's work at the bilateral level.

## Key findings

- > The East Asia region is diverse—economically, politically and socially—and there is no one size fits all policy approach to addressing the development challenges it faces.
- > Association of Southeast Asian Nations (ASEAN) and Asia Pacific Economic Cooperation (APEC) programs under objectives 1 and 2 are making positive gains in meeting their relevant aims and objectives, but the progress is less than originally anticipated in program designs. This is mainly due to unrealistic expectations concerning program delivery models and the time required to demonstrate tangible results.
- > The human security programs under objective 3 are making significant progress, particularly in trafficking in persons and preventing the exploitation of vulnerable migrant workers.
- > Maintaining momentum in objective 3 programs, such as emerging infectious diseases and HIV/AIDS initiatives that focus on prevention, harm reduction and building local capacity, are crucial to achieving Australia's program objectives.
- > The lack of outcome data for some programs at the regional and national levels makes it difficult to determine their impact and sustainability. This is being rectified either by implementing or refining monitoring and evaluation frameworks such as in the ASEAN programs, Stop Transboundary Animal Disease and Zoonoses, and the Mekong Trade Transport Facilitation project.

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<sup>1</sup> Australia's aid strategy for East Asia regional organisations and programs 2011–2015 (interim).

<sup>2</sup> In November 2013 AusAID was integrated into the Department of Foreign Affairs and Trade (DFAT). In this report, 'DFAT' is used to refer to current and future aid commitments of the integrated department.

## Context

East Asia remains a diverse and complex region. While growth in the countries of the ASEAN region is increasing,<sup>3</sup> there remain challenges to achieving the structural, social and economic reform necessary for ASEAN future growth and development. Development progress has been uneven between and within countries. In Cambodia, Lao PDR and Myanmar around one quarter to one third of the population lives on less than USD1.25 a day.<sup>4</sup> There is no one size fits all approach to economic and social policy for the region. The challenges facing each country depend to a large extent on their level of development and many are best dealt with by tailored bilateral aid programs. In 2012–13 the funds available for programs for East Asian nations was \$1.09 billion, but less than half of this—\$86.1 million—was for regional programs.

In a complex environment, Australia's East Asia Regional aid program promotes regional economic integration, while also addressing the negative consequences of that integration.

Improved infrastructure, increased trade and investment are ways for ASEAN countries to help promote economic integration and narrow economic and social development gaps. East Asian countries have adopted outward-oriented policies and, with Australian support, have implemented capacity building initiatives to promote increased competition and innovation, although substantial barriers to trade and connectivity still exist. Economic integration and sustained economic growth also bring new and complex development issues and transboundary challenges as people move within the region for economic reasons.

In terms of gender equality, there have been significant advances for women, particularly in education participation, female labour participation and management and ownership of firms. However, challenges remain for women such as high rates of maternal mortality in lower-income countries, lower rates of pay for women than men for similar work, and weaker voices and influence than men in the home, politics and civil society.

The growing numbers of trafficked persons and high instance of exploitative labour conditions are complex and continuously evolving transboundary crimes, which require long-term commitment. Factors such as demography, cross-border livestock trade, remote small-value farming and new patterns of migration, contribute to East Asia remaining a high-risk region for the outbreak of pandemics and infectious disease. Emerging health issues in the region have the potential to affect global public health and economic growth and stability. Together with the increasing challenge of natural disasters, these are all areas that call for specific regional responses. This includes climate change, the impacts of which are already being felt throughout the region, and these trends are likely to continue to exacerbate existing development challenges.

A primary driver for the selection of East Asia Regional programs is the capacity to make a difference. Programs aim to work with and through key regional organisations to improve regional development outcomes. They seek to address three objectives:

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<sup>3</sup> Indonesia is projected to lead the ASEAN6 countries with a growth rate of 6.4 per cent over 2013–2017. Growth in Cambodia, Lao PDR, Myanmar and Vietnam is also projected to be quite rapid over the medium term, ranging from over six per cent for Cambodia and Myanmar, and more than seven per cent in Lao PDR. Organization for Economic Cooperation and Development, *Southeast Asian Economic Outlook 2013: with Perspectives on China and India*, 2013, p.4.

<sup>4</sup> Recent research indicates that the human development gap (using the United Nation's Human Development Index) between the ASEAN6 (Singapore, Malaysia, Brunei, Indonesia, Thailand and the Philippines) and Cambodia, Lao PDR, Myanmar and Vietnam has converged since 2000 by 13 per cent, but the income gap between the ASEAN6 and Cambodia, Lao PDR, Myanmar and Vietnam has grown by 10 per cent, claiming a total income gap between the richest and poorest ASEAN countries of \$19 500 in 2011. McGillivray, M and Carpenter, D. (eds), *Narrowing the Development Gap in ASEAN*, 2013, pp.5-6.

- > objective 1: improved capacity of regional organisations to address agreed priority development challenges
- > objective 2: promoting and managing economic integration
- > objective 3: addressing priority transboundary issues.

The regional program is complementary to DFAT's bilateral programs. Bilateral programs will remain central and dominant in East Asia. This reflects the understanding that priority development challenges are best dealt with by nation states through aid interventions tailored to meet country-specific needs. However not all development challenges can be addressed by individual countries acting on their own. Helping countries address transboundary challenges and achieve regional goals, such as economic integration and sustained economic growth, is central to Australia's aim to promote the overall security, stability and prosperity of East Asia.

An inherent feature of the East Asia contextual environment is its dynamism. To be relevant, the East Asia Regional program needs to be responsive to changing national interests and priorities in the region.

The Mekong subregional agenda for investments in hard and soft infrastructure and social protection is an additional layer under the existing objectives of the East Asia Regional program. Although Mekong regional priorities are complementary to those of the East Asia Regional program, there is a current disconnect in the way these programs are defined and managed. Consequently DFAT will need to clarify this issue and confirm the placement of Mekong subregional programs within our program management architecture.

### **Why we work with regional organisations**

To promote and preserve our national interest in the East Asia region, Australia needs to engage in effective and constructive policy dialogue through Australian representation and influencing work with its key regional partners. One way the regional program can do this is by shaping the agenda of key regional bodies. Our capacity to influence development outcomes is linked to the degree to which we engage in policy dialogue on important concerns to the region, such as economic integration, human trafficking and gender equality. To shape regional policy Australia needs to be at the table, have the research and evidence to support our arguments and be in a position to provide follow-up support in the form of capacity building (including through bilateral programs).

Australia's capacity to make a difference in the East Asia region is closely linked to the capacity of regional organisations. Regional architecture in East Asia is evolving. The East Asia Summit is an emerging regional leaders' forum for strategic dialogue and cooperation on key challenges facing the East Asia region. The East Asia Summit is becoming an increasingly important forum with wider membership and there is an expectation that it will become a key security and political forum over time. Australia supports ASEAN's central role within regional architecture, including the East Asia Summit.

Our key counterparts will continue to be the regional bodies of ASEAN, East Asia Summit, APEC and the Greater Mekong Subregion. Australia's key partners in the region for delivering the aid program are the ASEAN and APEC secretariats. For transboundary issues, multilateral organisations such as the International Labour Organization and United Nations Office on Drugs and Crime, and non-government organisations such as World Vision Australia, play a role, as do national governments, other donors such as USAID, and inter-governmental organisations such as the World Organisation for Animal Health. International financial institutions such as the World Bank and Asian Development Bank are also key DFAT partners.

However, institutional capacity to support the regional architecture is relatively under-developed and funding from member countries is restricted. Australia and other donors have

had some success with organisational change in the APEC Secretariat. In contrast, progress has been slower in the ASEAN Secretariat due to its limited capacity and resourcing, and the lack of clarity regarding its role and mandate. The East Asia Summit has limited administrative foundations to support its increasing role, and relies on the ASEAN Secretariat for support. Lack of capacity is exacerbated by the evolving role of regional institutions, moving from limited coordination to an increased role in implementation and policy development.

## Expenditure

Table 1A: Expenditure 1 January 30 June 2012\*

Objective	\$ million	% of regional program
Objective 1: Improved capacity of regional organisations to address agreed priority development challenges.	1.15m	5%
Objective 2: Promoting and managing economic integration	7.35	33%
Objective 3: Addressing priority transboundary issues	13.80m	62%

\* Does not include expenditure for the Greater Mekong Subregion trade and transport facilitation or HIV prevention and infrastructure projects.

Source: Aidworks report expenditure by program objective.

Table 1B: Estimated expenditure in 2012–13\*

Objective	\$ million	% of regional program
Objective 1: improved capacity of regional organisations to address agreed priority development challenges.	2.3m	8%
Objective 2: Promoting and managing economic integration	11.07m	38%
Objective 3: Addressing priority transboundary issues	15.83m	54%

\* Does not include expenditure for the Greater Mekong Subregion trade and transport facilitation or HIV prevention and infrastructure projects.

Source: Aidworks report expenditure by program objective.

## Progress towards objectives

During the reporting period, the East Asia Regional program continued to develop the regional strategy. This is yet to be finalised, so we are unable to assess progress against a performance assessment framework. In these circumstances our assessment of progress is based on Quality at Implementation (QAI) ratings and any review or evaluation findings.

While the initiatives cover a diverse range of issues, the available information and evidence from the period shows that overall the East Asia Regional program is tracking well. Ratings of progress towards objectives are listed in Annex B. While there was steady progress made by initiatives contributing to objectives 1 and 2, it was generally slower than originally anticipated, mostly due to overly ambitious original budgets and implementation timeframes and projections. Objective 3 is showing significant progress, particularly in trafficking in persons and emerging infectious diseases initiatives. It is important that this momentum is maintained through activities such as the Asia Regional Trafficking in Persons Project successor program, the Australia–Asia Program to Combat Trafficking in Persons. Similarly, services that focus on prevention, harm reduction and building local capacity are crucial to achieving Australia’s Emerging Infectious Diseases and HIV/AIDS program objectives. This includes through programs such as the HIV/AIDS Asia Regional Program, Stop Transboundary Animal Disease and Zoonoses, and a new partnership with USAID on its

PREVENT project. This seeks to build local capacities in reducing risks of disease transmission from dangerous pathogens in wildlife before they become significant threats to human health.

In terms of relevance to the objectives, all programs are demonstrating responsiveness to identified needs and regional priorities. In the areas of economic integration and improving capacity of regional organisations, efforts aimed at the institutional strengthening of ASEAN and its secretariat are assisting in areas such as project management, financial accounting standards, human resources, and free trade agreement negotiations and implementation. Similarly, support to the APEC Secretariat is assisting reforms in project management, procurement, and the move to higher value, multi-year APEC projects to improve the sustainability of outcomes.

### **Whole-of-government engagement**

The longer term and multi-year initiatives under APEC and ASEAN have also helped bring together Australia's partners in the region. Such projects have involved more proactive whole-of-government partners, with a number of agencies, including the Australian Competition and Consumer Commission, Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education, the Department of Agriculture, Fisheries and Forestry, IP Australia and the former Department of Climate Change and Energy Efficiency, involved in developing and implementing more strategic and focused initiatives aimed at promoting economic integration and trade liberalisation. The East Asia Regional program provided \$5.6 million 2012 to 2013 to whole-of-government and university partners for development activities that address priority areas. For example the South East Asia Regional Discretionary Development Fund enables DFAT to provide ad-hoc assistance for small value projects. Under the East Asia Summit Whole of Government Activities Fund, Australian funding supports whole-of-government partners to undertake development activities related to our engagement with the East Asia Summit and build the capacity of regional and national institutions of its members.

Improved engagement with East Asia partner governments and officials has also occurred through forums such as the ASEAN Australia Joint Cooperation Committee, ASEAN Australia Forum, the APEC Small Working Group on Effectiveness and the East Asia Summit. The ASEAN Australia Joint Cooperation Committee, comprising senior representatives of the aid program, the ASEAN Secretariat and the Committee of Permanent Representatives to ASEAN, facilitates high-level and future-looking dialogue by focusing on key development issues and strategic directions for the regional program. This forum has been instrumental in building greater awareness of Australia's aid program within the ASEAN region. At the second committee meeting in September 2012, the Australian discussion paper, which outlined priorities and future directions of ASEAN–Australia development cooperation, was well received.

The human security programs are seeing results and new programs are being established that are designed to consolidate and build on these successes. Progress is also being made in broadening the involvement of ASEAN. The improvement of national polices and legislation on labour rights, human trafficking and child protection is helping to prevent the exploitation of vulnerable migrant workers and curb child sexual exploitation in travel and tourism in East Asia. In early 2013, the Tripartite Action to Protect Migrants within and from the Greater Mekong Subregion from Labour Exploitation (TRIANGLE) was extended to enhance safe labour migration and labour laws in Myanmar, a significant sending country of migrant workers in the region. In 2012–13, Asia Regional Trafficking in Persons Project ensured that key national and regional decision-making bodies were readied for an expansion of Australia's counter-trafficking efforts over the next five years. The Australia–Asia Program to Combat Trafficking in Persons will build on the successes of its predecessor, and is strongly

supported by regional governments, other donors such as the USA, and Australian whole-of-government partners.

Table 2: Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Objective 1: Improved capacity of regional organisations to address agreed priority development challenges.	Amber	Amber
Objective 2: Promoting and managing economic integration	Amber	Amber
Objective 3: Addressing priority transboundary issues	Green	Amber

Note:

- Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.
- Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

### Objective 1: improved capacity of regional organisations to address agreed priority development challenges

The rating for this objective remains at amber. Initiatives are making progress in supporting regional organisations, however this is balanced by difficulties concerning the sustainability of institutional reforms and efficiency. For APEC initiatives and those that fall under the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area Economic Co-operation Support Program, there is also a lack of substantive monitoring and evaluation data to demonstrate outcomes.

An important element of the initiatives to build the capacity of regional organisations has been the placement of DFAT-seconded officers in the APEC and ASEAN secretariats. Both undertake project management within secretariat systems while working with relevant bodies to reform those systems and processes. Our expertise has increased the quality and effectiveness of the work done by and through these organisations, assisting them to implement their respective mandates and progress priority issues that contribute to regional economic development. Nonetheless, the institutional capabilities of the secretariats remain relatively under-developed and member country funding is generally inadequate. This will remain a constraint on the effectiveness of DFAT's regional programs. It also suggests that we need to maintain modest expectations for reform and improvement, particularly in the ASEAN Secretariat. As Australia is not a member of ASEAN, it has limited influence.

### APEC

Australia is a member of APEC and so our partnership with the APEC Secretariat is different from that with the ASEAN Secretariat. The broad reform and capacity building agenda is progressed through Australia's membership of APEC working groups and at senior officials meetings. Australia chairs an APEC Small Working Group on Effectiveness that oversees project management reform in the APEC Secretariat. This gives Australia a stronger influence on the approach to project management reform in the secretariat. However, the work still requires agreement from APEC's 21 member economies and as a result is subject to negotiation—an inherent complexity in progressing reforms in a multilateral context.

This work is an objective of the APEC Secretariat Support initiative (\$23 million from 2007–2015), which aims to build the secretariat's project management capacity by helping implement better systems and practices so APEC projects deliver more effectively against its agenda.

Australia established the project management unit in the secretariat in 2006 to ensure effective management of APEC projects. A DFAT seconded officer is the unit's director. Australia provides an ongoing effectiveness grant (\$1.5 million since 2007) to support efforts to improve the quality of APEC projects. This funds a project development specialist within the unit and supports advice and training for APEC members that are developing projects. Funding has also supported a number of external and independent consultancies that focus on reform issues. An effectiveness review of the project management unit is being undertaken by an independent consultant using funds under the grant.

Both the APEC Secretariat and members are supportive of this work. There has been good progress and Australia's lead role is consistently recognised and appreciated. Work to date includes establishing:

- > a transparent system for selecting APEC projects based on their relevance, quality and effectiveness
- > new procurement systems that have improved the transparency and accountability of project contracting
- > more strategic, higher value, multi-year APEC projects to improve the sustainability of outcomes
- > securing agreement to reform the monitoring and evaluation of APEC projects with a greater focus on demonstrating effective outcomes. This work will continue in 2013–14.

## **ASEAN**

The East Asia Regional program's partnering approach with the ASEAN Secretariat is building a strong relationship between the secretariat and the DFAT aid program, and is supporting the relationship between ASEAN and Australia (reflected, for example, during the ASEAN–Australia Forum meetings).

The \$66.7 million ASEAN–Australia Development Cooperation Program Phase II (2008–2015) aims to strengthen the secretariat's capacity to effectively implement its mandate through sound strategic planning and effective project management. It has been doing this by filling skill gaps in priority areas, increasing expertise in program delivery, and supporting improved internal management and administration in areas such as procurement. A program planning and management support unit, including a program director who is a DFAT officer, has been established within the secretariat to manage the program. Secretariat staff view this as very positive, as it increases direct access, openness and transparency without the intermediary of a contractor.

The East Asia Regional program has also helped the ASEAN Secretariat to strengthen its corporate operations. A corporate development scoping study, supported by the ASEAN Australia Development Cooperation Project Phase II, has helped improve the secretariat's human resources practice, and two key positions in the new corporate development unit are also being supported by the project. This complements long-standing project support for one position each in the secretariat's finance and budget, and legal services and agreements divisions. These positions have been crucial in supporting the secretariat's business operations, and will be reviewed to confirm that their continued support is required beyond 2014.

Support from the ASEAN Australia Development Cooperation Project Phase II has also helped train staff in international public sector accounting standards, which were recently adopted by the ASEAN Secretariat. A standards manual was also developed with program support.

Following the completion of the project management framework project in 2012— also supported by the program—a taskforce was established to oversee implementation of

recommended actions and improve project appraisal and approval processes. A number of activities were initiated in 2012 to strengthen the ASEAN Secretariat's capacity to monitor and promote ASEAN progress towards the ASEAN Economic Community.

The ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA) Economic Cooperation Support Program (up to \$20 million from 2008–09 to 2013–14) is also helping to improve ASEAN Secretariat capacity. The program funds the AANZFTA Support Unit to help the secretariat manage the free trade agreement implementation. It is intended that the knowledge and skills gained from this program will also help the secretariat implement other ASEAN free trade agreements by establishing ongoing processes, networks and an information base. The support unit has played an important role in developing, processing and implementing Economic Cooperation Work Program proposals. It has minimised transaction costs by coordinating events to coincide with other regional meetings and activities, and facilitating strong whole-of-government support for core activities. The secretariat is working with other donors and partners—including the European Union, Germany, the World Intellectual Property Organization, the United Nations Educational, Scientific and Cultural Organization, and the Organization for Economic Cooperation and Development—to develop and deliver Economic Cooperation Work Program projects, with additional cooperative projects in the pipeline.

Both the ASEAN Australia Development Cooperation Project Phase II and AANZFTA Economic Co-operation Support Program have adopted pragmatic approaches to partnering with the secretariat. The use of secretariat systems, including procurement and approval processes, has at times resulted in delays or difficulties in delivering activities. The 2012 ASEAN Australia Development Cooperation Project Phase II independent progress report noted that the program has forged a viable partnership with strong elements of trust and willingness to innovate and adapt in the face of difficulties.<sup>5</sup> The project's funding for core positions, and the Program Planning and Management Support Unit team's efforts to focus daily on the challenges of working with the ASEAN Secretariat, has helped drive these improvements in the partnership. The AANZFTA Economic Co-operation Support Program has also implemented a variety of measures, including special services agreements between the secretariat and Australian Government agencies, which enable agencies such as the Department of Agriculture, Forestry and Fisheries and IP Australia to be designated as contractors for specific activities. This means the secretariat's complex tender processes do not need to be undertaken. The trust that has been built between the AANZFTA Support Unit and ASEAN Secretariat with these government agencies has been very positive. Furthermore, the increase in activities highlights the AANZFTA Support Unit's ability to negotiate the difficult ASEAN Secretariat's operating environment.

While the activities outlined above are helping drive positive change in both the APEC and ASEAN secretariats, the effectiveness of the measures is still to be determined. The ASEAN Australia Development Cooperation Project Phase II's performance assessment framework, which was recently finalised, will enable more systematic information on the outcomes of projects designed to enhance the secretariat's capacity. This performance assessment framework is a living document and will be reviewed regularly to track progress of both medium and long-term outcomes. While the AANZFTA Economic Co-operation Support Program monitoring and evaluation framework is now operational, there is limited data available on the AANZFTA Support Unit's effectiveness. More methodical ways of measuring the performance of the APEC project management unit are also being investigated.

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<sup>5</sup> ASEAN Australia Development Cooperation Program Phase II Independent Progress Report, May 2012, p.4.

Delivering development assistance through the East Asia Summit is challenging, as it does not yet have stand-alone secretariat support and relies on the ASEAN Secretariat, which itself has considerable capacity constraints.

DFAT supports the established East Asia Summit priority areas of regional economic and financial integration, disaster response, education cooperation, energy and the environment, climate change, and connectivity in cooperation with Australian whole-of-government partners. For example, in 2012 Australia led on the East Asia Summit leader-endorsed Declaration of the East Asia Summit on Regional Responses to Malaria Control, and Addressing Resistance to Antimalarial Medicine. The declaration is a leaders' commitment to a regional response to the growing threat of malaria, and it complements the outcomes of Australia's Malaria 2012 conference.

### **Greater Mekong Subregion**

Managed by the Asian Development Bank, the Greater Mekong Subregion is a regional organisation comprising key ministerial-level representatives from Vietnam, Cambodia, Thailand, Myanmar, Laos and the Southern Chinese provinces. In its 20-year program, the Greater Mekong Subregion has invested in 55 projects, which total over \$14 billion, to provide critical infrastructure development.

Although Australia does not provide direct support for institutional strengthening, Australia has been an increasingly important development partner for the Greater Mekong Subregion Secretariat. In 2012–13, Australia continued to hold a seat at the table in key strategic and technical forums which has increased our level of influence and informed policy dialogue and current and future directions of investment. The Australian Government has provided a total of \$295 million since 2010 in financial support for key investments in transport infrastructure, and trade and transport facilitation.<sup>6</sup> Through our investment in the Greater Mekong Subregion for research on transport infrastructure and facilitation trends, Australia has contributed to the evidence base the Greater Mekong Subregion Secretariat is using to inform its second generation of investments.

Australia supports the Asian Development Bank and Greater Mekong Subregion countries in developing a comprehensive investment program through the Regional Investment Framework, which will be available later in 2013. DFAT is currently developing a medium-term approach to regional programming in the Greater Mekong Subregion. It is anticipated connectivity will remain a priority for future investments.

### **Objective 2: Promoting and managing economic integration**

The rating for this objective remains at amber. While there have been clear improvements in the effectiveness of the ASEAN Australia Development Cooperation Project Phase II, APEC whole-of-government support and the AANZFTA Economic Co-operation Support Program, this is countered by continuing uncertainty regarding the impact and sustainability of initiatives under this objective, and problematic areas such as monitoring and evaluation, and gender.

The two main elements of the East Asia Regional program's support for the promotion and management of economic integration have been:

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<sup>6</sup> Note that the Mekong subregional strategy was discontinued in 2011. Hard infrastructure programs (total value \$295 million) are managed and reported under the bilateral programs for Laos, Cambodia and Vietnam. The remaining regional investments (total value \$12 million) are reported for the first time under the East Asia Regional program.

- > funding relevant activities delivered by the ASEAN and APEC secretariats and the Asian Development Bank, as well as whole-of-government activities delivered by the Australian Public Sector Linkages Program
- > supporting strategic whole-of-government and ministerial engagement in regional meetings that are important in promoting and managing economic integration.

Promoting and managing economic integration is at the core of the East Asia Regional's programs with ASEAN and APEC. Together with trade liberalisation, it aligns with APEC's stated goal of free and open trade and investment in the region. Priority areas of support in APEC include services liberalisation, achieving good regulatory practices, structural reform, supply chain connectivity and higher education cooperation. The services, investment, consumer protection, intellectual property, agriculture and cross cutting issues (including narrowing the development gap and connectivity) elements of the ASEAN Economic Community Blueprint are central to the ASEAN Australia Development Cooperation Project Phase II. The AANZFTA Economic Co-operation Support Program also supports three of the key pillars of the blueprint by promoting a single market and production base, facilitating competition and intellectual property rights policies, and integration into the global economy by fostering favourable environments for trade, investment and other economic linkages. Australia's targeted assistance under the program is also aimed at closing the development gap between the region's poorest and richest countries.

## **APEC**

Australia has consistently been one of APEC's most influential members, promoting assistance to developing economy members by supporting targeted projects and project management. More than half of APEC's members are developing economies. In 2004, Australia established the APEC Support Fund, which is a grant fund available through the APEC Secretariat for projects that help developing economy members improve their skills and knowledge to engage in regional economic integration and trade liberalisation. Australia has contributed \$10.1 million to the fund since 2007, including \$1.5 million in 2012. A large number of other APEC members now contribute to the fund.

The APEC Support Fund underscores smaller value, short-term projects which are initiated by APEC members. These include policy dialogues, seminars and workshops that build understanding and skills in areas such as transportation safety and efficiency, financial system regulation reform, emergency preparedness, food security, education cooperation, and increased ease of doing business.

Quality at Implementation ratings for the APEC Support Fund indicate that it is a relevant and efficient mechanism for supporting APEC developing economies and is consistently oversubscribed with funding applications. However, the shorter term, smaller value projects make it difficult to assess their effectiveness and sustainability. To ensure that APEC projects are effective, Australia is leading the reform of APEC's project management systems. The work to date on this reform agenda is detailed in objective 1.

Through APEC whole-of-government support, the East Asia Regional program has supported an APEC stream of the Public Sector Linkages Program, which is a competitive grants program for whole-of-government partners. The Public Sector Linkages Program closed in 2012–13, and has been replaced by a new agency-wide grants program for whole-of-government partners—Government Partnerships for Development. No new Public Sector Linkages Program funding rounds will be conducted, however previously agreed multi-year activities under the program will continue to be implemented until 2015–16.

There are good examples that demonstrate that the Public Sector Linkages Program has strengthened linkages, delivered effective outcomes and promoted economic integration. These include:

- > In 2010–11 and 2011–12, Treasury ran policy and technical workshops to strengthen the regulatory functions of financial supervisory agencies from APEC developing economies implementing an Asia Region Funds Passport. The workshops have built ongoing linkages between finance regulators across APEC economies, and built confidence in the passport concept. In 2012, APEC finance ministers noted the success of this work and signalled that they would consider establishing a pilot for the project.
- > As part of a broader APEC engagement strategy, the Australian Quarantine and Inspection Service in 2009–10 and 2010–11 delivered workshops for APEC developing economies to enhance their trade facilitation by improving fumigation standards for agricultural exports to Australia. This has reduced the need to re-treat poorly fumigated produce from APEC economies, in some cases by more than 80 per cent.
- > To support APEC’s New Strategy on Structural Reform, the department and the Productivity Commission delivered workshops and a mentoring program to build linkages with APEC developing economies and help them plan for structural reform in their domestic economies. At the 2012 APEC Summit, leaders agreed to the action plans for their economies, and implementation has commenced.

With the closure of the Public Sector Linkages Program, the first Government Partnerships for Development funding round was conducted in the first quarter of 2013. While APEC projects are eligible for funding, there is no dedicated APEC funding stream under this program. Close monitoring will be necessary to ensure Government Partnerships for Development addresses the needs of East Asia Regional’s whole-of-government partners and, if it does not, consider alternative approaches.

## **ASEAN**

Relevant ASEAN Australia Development Cooperation Project Phase II program outcomes under this objective are:

- > enhanced ASEAN Secretariat capacity to provide high quality and timely economic research and policy advice on priority regional economic integration issues
- > enhanced ASEAN Secretariat capacity to support regional mechanisms and capacity implement selected high priority ASEAN Economic Community blueprint activities at the national level.

An independent progress report undertaken in 2012 confirmed that the ASEAN Australia Development Cooperation Project Phase II has earned considerable respect from ASEAN Secretariat leaders for remaining actively and creatively involved in efforts to move towards an ASEAN Economic Community, despite facing considerable obstacles. The independent progress report also confirmed that the program is now gaining significant momentum following a slow start. The program team will continue implementing the strategic ‘work-streaming’ approach with fewer priority sectors and long-term engagements that are focused on ASEAN Economic Community priorities. While expenditure levels of the program are low compared to expectations, it has been increasing with the new streaming approach and is expected to be around \$5-6 million a year—the level originally anticipated. The no-cost extension of the program to 2019, as recommended by the independent progress report, is a positive step given progress achieved to date and the potential need to meet increasing demands for ASEAN support as the ASEAN Economic Community implementation date approaches (end 2015). The third annual review confirmed that ASEAN Australia Development Cooperation Project Phase II is a well-managed program that has emerged from a prolonged start-up phase.

To date 44 ASEAN Australia Development Cooperation Project Phase II projects are completed or underway, with seven new projects being approved and implemented in 2012. Key achievements during the reporting period include:

- > standardised toolboxes were developed for tourism training and assessment and to support implementation of the Mutual Recognition Arrangement for tourism professionals<sup>7</sup>
- > the publication *ASEAN Integration Monitoring Report*, a joint collaboration between the ASEAN Integration Monitoring Office and the World Bank, has facilitated improved ASEAN monitoring and reporting on ASEAN Economic Community progress
- > the ASEAN Economic Community symposium—ASEAN Economic Community by 2015: Private Sector Perspectives—was held on 19 September 2012 and is the first in a series to increase awareness and participation of the private sector in specific ASEAN initiatives
- > publications aimed at increasing policy-makers' awareness of the ASEAN Comprehensive Investment Agreement as well as the latest trends, issues and opportunities for investment in ASEAN, have been produced and distributed
- > the book *Narrowing the Development Gap in ASEAN: drivers and policy options* provides timely and clear analysis on key strategic issues with practical policy recommendations<sup>8</sup>
- > the program trained 798 public servants including 432 men and 366 women.

The AANZFTA Economic Cooperation Support Program is supporting ASEAN member states to implement the free trade area, which came into force on 1 January 2010. Through the Economic Cooperation Work Program, the initiative will help developing member countries to participate in the benefits of more open trade and economic integration and achieve faster growth and development. Activities in 2012 included 15 regional activities in the areas of trade in goods, services, investment, intellectual property and competition policy, two in-country consultation workshops on investment facilitation, two in-country consultation workshops on intellectual property, and four rapid response activities on rules of origin and tariff transposition for newer ASEAN member states. More than 1500 people (funded and self-funded) participated in Economic Cooperation Work Program activities. While the majority were government sector participants, the program is beginning to attract good private sector participants in the areas of competition and intellectual property. For the reporting period, the AANZFTA Economic Cooperation Support Program trained 702 public servants including 365 men and 337 women.

The AANZFTA Economic Cooperation Support Program has also expanded to cross-sectoral cooperation across the ASEAN Economic Community. For example, the ASEAN Qualification Reference Framework Taskforce, which was convened in October 2012, includes trade in services, education, labour, qualifications and other relevant agencies. There is a clear demand within ASEAN for Economic Cooperation Work Program activities, as evidenced by the number of new project proposals. While the output level data gathered to date from the Economic Cooperation Work Program activities is encouraging, the tools to measure long-term outcomes of the projects and activities were only implemented in July 2012. Until this outcome level data is obtained, the effectiveness of such projects is difficult to determine. Nonetheless there is movement towards demonstrated outcomes. Economic Cooperation Work Program activities are shifting from workshops towards more results focused medium-term capacity building initiatives such as implementing recommendations of studies. For example it is anticipated that program funding will be used to implement the

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<sup>7</sup> At the 16th meeting of ASEAN Tourism Ministers on 20 January 2013, ministers expressed appreciation to Australia for the technical assistance extended for the implementation of the mutual recognition agreement.

<sup>8</sup> The book was officially launched by ASEC Secretary General on 17 May 2013 at ASEC Jakarta.

recommendations of the OECD Investment Policy Reviews which are being undertaken by Malaysia, the Philippines and Myanmar. At a higher level, there is evidence of increasing use of AANZFTA's tariff preferences. Preliminary data shows that the AANZFTA utilisation rate for Australian imports from nine ASEAN countries' tariffs was 49 per cent in 2010, 65 per cent in 2011 and 67 per cent in 2012. Capacity is also being built through the ASEAN Regional Diagnostics Network, managed by the Department of Agriculture, Fisheries and Forestry, which provides training in the diagnostics of pest nematodes. Assessments found that the share of participants that could identify pest nematodes increased from 33 per cent to 100 per cent after participating in the training workshop.

An independent progress report confirmed that despite delays in start-up, the AANZFTA Economic Co-operation Support Program is building momentum and generating tangible outcomes that should help facilitate growth in regional trade and investment. For example, the number of Economic Cooperation Work Program activities has increased from 12 in 2011 to 20 in 2012. The independent progress report also noted that the level and extent of interaction between the AANZFTA Economic Co-operation Support Program and AANZFTA parties is indicative of strong country and regional level ownership of program-supported activities. Participants in the review frequently complimented the program's contribution to progressing the regional integration agenda. However the draft independent progress report recommended that to promote the program, more needs to be done to strengthen the level of engagement and communication with the ASEAN Secretariat's leadership to raise awareness of it and its ongoing benefits and relevance to the ASEAN Economic Community's agenda.

Although the budget dispersal of the AANZFTA Economic Co-operation Support Program has been slower than anticipated, this is not a major concern as the original budget was overly optimistic. The independent progress report recommendation for a no-cost extension of the program to the end of 2015 will be considered as part of the management response to the independent progress report.

### **Mekong regional connectivity**

Ensuring Mekong countries can trade their goods more easily, faster and cheaply across their borders is an important condition for economic integration. The Australian-Asian Development Bank Greater Mekong Subregion Trade and Transport Facilitation project supports Cambodia, Vietnam and Lao PDR to achieve this goal through better border management, a more developed road transport and logistics industry and regulatory reform. The project, a \$6 million investment which started in 2011, will finish in 2016 (DFAT will invest in the project until 2014).

The project aims to maximise the benefits of Australia's previous investment in the Greater Mekong Subregion Cross-Border Trade Agreement (2008-2010), as well as Australia's long-term investment to improve physical connectivity in the region through transport infrastructure projects such as the Cao Lanh Bridge in Vietnam, Southern Coastal Corridor projects in Vietnam and Cambodia, and the Northern Transport Network Improvement Project in Lao PDR.

In 2012 the project performed well against expected targets, which is encouraging considering the start date was delayed significantly during 2011. Regional economic integration was supported as anticipated in 2012 through the facilitation of international agreements on traffic rights and economic corridor access across the border in Cambodia, Lao PDR and Vietnam. The project also supported the establishment of a freight transporters association. It provided targeted training and learning for border agencies and officials in the Greater Mekong Subregion countries, which will be completed by the end of 2013.

A key success during 2012 which surpassed expectations was the influence the project had in shaping the future direction of regional planning. Research commissioned under the project

led to a shift in priority setting for the Greater Mekong Subregion Secretariat. Based on this research, the evidence now suggests that countries should move away from investments in hard-infrastructure and towards aligning economic corridors so they better link to trade gateways (such as ports), urban development and improved urban-rural connectivity. The research has helped identify how to adapt regional trade and transport facilitation in the future to improve development impact.

The latest progress report confirms that, despite significant delays in the start-up phase, the activities scheduled in 2012–13 will be delivered on time. Recent evaluations of the project highlight challenges in its ability to achieve the stated high-level outcomes, which do not clearly link to its deliverables. The project also faces obstacles including a poor monitoring and evaluation framework, limited baseline data and an inadequate approach to supporting gender equality. DFAT will work decisively with the Asian Development Bank to ensure appropriate monitoring and evaluation arrangements are in place, which will include pre-determined indicators for 2013 and 2014, collate all available baseline data and invest in an informed approach to gender issues.

### **Objective 3: Addressing priority transboundary issues**

The rating for this objective has increased from amber to green. Problematic elements of some initiatives under this objective were balanced by the successes of these same initiatives. Also taken into account were the strong performances of TRIANGLE and the HIV/AIDS Asia Regional Program.

Four main transboundary issues affect economic growth and stability in the region:

- > trafficking in persons and labour exploitation
- > sexual exploitation of children in tourism
- > health issues, including HIV/AIDS, emerging and pandemic diseases, and drug-resistance to anti-malarials and tuberculosis treatment
- > natural disasters.

These issues may also be exacerbated by economic integration. Australian assistance for these serves as a safeguard to mitigate potential negative consequences arising from economic integration.

#### **Trafficking in persons**

There is continued strong Australian domestic interest in addressing trafficking in persons, preventing labour exploitation and ending commercial sexual exploitation of children in tourism. ASEAN members have shown growing interest in regional solutions to address trafficking and labour exploitation. More than half—11.7 million—of the world's forced labour and sexual exploitation cases are estimated to be in Asia and the Pacific.

Over the past 10 years, Australia has demonstrated leadership in combating trafficking in persons in South East Asia through our support to the criminal justice sector and long-term projects such as the Asia Regional Trafficking in Persons Project. This leadership role is recognised internationally and is welcomed by our development partners.<sup>9</sup> Under the project, Australia's support to regional processes such as the ASEAN Senior Officials Meeting on Transnational Crime, and the Heads of Specialist Anti-Trafficking Units, was critical to building consensus on a regional response to human trafficking. Through these processes, the

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<sup>9</sup> For example the project director of AusAID's flagship human trafficking project, Dr Anne Gallagher, was recognised by US Secretary of State Hilary Clinton as a 'trafficking in persons hero' in June 2012.

sharing of cross-border case information and coordination of priorities was widely regarded as leading to a more cohesive regional response to human trafficking. Between August 2011 and March 2013, improvements in cross-border cooperation between Vietnam and China led to the rescue of more than 500 victims of trafficking and the arrest and prosecution of more than 300 traffickers.

The Australia–Asia Program to Combat Trafficking in Persons will continue Australia’s work on strengthening criminal justice responses to trafficking under the Asia Regional Trafficking in Persons Project through regional cooperation. The program, which will commence mid-2013, will develop regional standards as well as practical change on anti-trafficking measures through strengthened ASEAN structures. The Asia Regional Trafficking in Persons Project ended in March 2013, following a scaled back transition phase to preserve the critical elements of the program and maintain its relationships and structures. As the discrete budget for the transition phase did not exceed \$3 million, a QAI reporting exemption was approved.

### **Labour exploitation**

As migrant workers cross borders to take up jobs in informal or poorly regulated labour markets, they are often at risk of exploitation. The Tripartite Action to Protect Migrants within and from the Greater Mekong Subregion from Labour Exploitation (TRIANGLE) project, implemented by the International Labour Organization, is a five-year (2012–2015), \$10.5 million initiative. TRIANGLE aims to improve labour protection measures, increase community awareness of exploitative practices, promote legal and safe migration and create decent work opportunities for migrant workers in the Greater Mekong Subregion. Partner countries are Cambodia, Lao PDR, Thailand, Vietnam, and Malaysia (a key destination country for migrant workers). In April 2013 TRIANGLE was extended to cover Myanmar. This was demand driven and based on the success of TRIANGLE in other countries. Myanmar, as the largest source of migrant workers in Thailand and a significant sending country to other Greater Mekong Subregion countries and Malaysia, is a critical partner in promoting safe migration practices across the region.

In 2012 TRIANGLE was brought under the Australian Government–International Labour Organization Partnership Agreement (2010–2015). This will help increase TRIANGLE’s visibility across the agency and promote the project’s relevance with whole-of-government partners.

An independent mid-term review of TRIANGLE in 2013 found that it is relevant to the needs and trends of the Greater Mekong Subregion where migration is significant and policies and practices to protect migrant workers are still developing. The review also found that the International Labour Organization’s technical expertise has been well-received at the highest level of partner ministries where the project has provided support on legislative reform.

In the 2012–13, TRIANGLE made the following achievements:

- > Between June 2010 and December 2012, TRIANGLE reached over 13 000 potential migrant workers and migrant workers (46 per cent female), decreasing their chances of being trafficked or recruited into exploitative working conditions.
- > With 30 months remaining, TRIANGLE is on course to reach its target of 20 000 potential migrant workers and migrant workers receiving services from the project.
- > Specific activities included implementing legislative tools to strengthen the regulation of recruitment practices in Cambodia and Vietnam, providing technical input on an employment decree in Lao PDR, supporting a ministerial regulation on domestic work in Thailand (in line with International Labour Organization Convention 189), and preparing a draft ministerial regulation on fishing in line with elements of International Labour Organization Convention 188.

- > The International Labour Organization's unique tripartite approach (government, workers groups and workers) demonstrated success in closing the gaps between policy and practice to protect migrant workers.<sup>10</sup>
- > The program trained 4481 public servants including 2674 men and 1272 women<sup>11</sup> and supported 18 civil society organisations to track service provision.

There are however, areas requiring improvement and closer monitoring over the coming year. The 2013 mid-term review found that TRIANGLE's migrant resource centres in particular require increased management oversight from the International Labour Organization to ensure quality and effectiveness. Reporting and evaluation of program impact was also highlighted as needing attention. In the remaining months, the International Labour Organization needs to prioritise its activities and distribution of human resources to maximise impact and sustainability. Overall however, the review found TRIANGLE was relevant, effective and delivering sustainable benefits to countries in the area of safe labour migration and recruitment. DFAT will work with TRIANGLE to implement key recommendations from the mid-term review over the remaining 30 months of implementation.

### **Sexual exploitation of children in tourism**

Project Childhood aims to combat child sexual exploitation in travel and tourism in the Mekong Subregion and is being implemented in Cambodia, Lao PDR, Thailand and Vietnam over four years (\$7.4 million 2010–2014). The initiative comprises two distinct but interlinked pillars of work—prevention and protection. The prevention pillar is being implemented by World Vision Australia, and aims to improve action and responsiveness towards the prevention of sexual exploitation of girls and boys in travel and tourism in the targeted countries. The protection pillar is being implemented by the United Nations Office on Drugs and Crime in partnership with INTERPOL, and aims to strengthen and enhance the capacity of law enforcement officials including police, prosecutors and judges to identify, arrest and prosecute travelling child sex offenders.

Key achievements in 2012–13 included:<sup>12</sup>

- > facilitating regional cooperation on child sexual exploitation, and helping to increase the detection and prosecution of cases
- > helping identify gaps in national child protection legislation through the work of the United Nations Office on Drugs and Crime. This is leading to stronger laws to help identify and prosecute child sex offenders. INTERPOL's work resulted in the investigation of at least two child sexual exploitation in travel and tourism cases
- > strengthening community capacity to detect and respond to child sexual exploitation through World Vision Australia's assistance to train 1148 community representatives, children, parents, care givers and public and private tourism staff on how to prevent children from sexual exploitation and ensure that tourism is child-safe
- > training 301 male and 92 female police and other law and order officials, and 377 male and 275 female public servants
- > supporting seven civil society organisations to track service provision.

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<sup>10</sup> For example, in Cambodia TRIANGLE supported the development of monitoring tools for a code of conduct for recruitment agencies. The use of this tool will eventually lead to a rating system of recruitment agencies, which will encourage agency compliance to national standard recruitment practices for migrant workers.

<sup>11</sup> The gender of 535 officials was not recorded.

<sup>12</sup> The Special Rapporteur also commended Project Childhood as being one of the world's most innovative programs for combating child sexual exploitation in travel and tourism.

There were clear improvements in Project Childhood's delivery in 2012 due to more efficient program implementation and improved partner coordination. These included:<sup>13</sup>

- > achieving greater advocacy of the program at local, national and international levels, which has led to the inclusion of the child safe tourism agenda in many platforms, such as the national tourism strategy of Lao PDR and in the strategic priorities of the Virtual Global Taskforce<sup>14</sup>
- > implementing a child safe tourism campaign and measuring the campaign's impact through World Vision Australia's efforts to secure pro bono support from private companies
- > establishing regular cross-pillar coordination, which has led to significant improvements in information sharing and programmatic linkages between the two pillars. The United Nations Office on Drugs and Crime is using World Vision Australia's community field research to develop training curriculum for police. World Vision Australia also collaborated with the United Nations Office on Drugs and Crime on a joint-submission to the report on child sexual exploitation in travel and tourism to the United Nations Human Rights Council by the United Nations Special Rapporteur on the Sale of Children, Child Prostitution and Child Pornography.

However, while the rate of implementation has increased, there are still delays in activities being rolled out leading to uneven progress across countries where government approval is pending or where collaborative partnerships have not been secured. While some of these delays are beyond the control of the project, they do impact on the program's effectiveness. An independent review of Project Childhood commenced in March 2013, with findings expected to be delivered by August 2013. The review will look at the quality of activities and assess the likelihood of their completion by 2014.

### **Health issues**

A consistent theme emerging in the East Asia Regional health initiatives is the need to clarify the future relevance of these programs for DFAT. There is also a need to determine the respective roles of the department's health policy section and the East Asian Research Section in areas such as policy/strategic guidance and oversight for the HIV/AIDS and emerging infectious diseases regional programs, particularly in relation to annual quality processes and future programming.

### **HIV/AIDS Asia Regional Program**

The HIV/AIDS Asia Regional Program is a \$47 million, eight year multi-country HIV harm reduction program which is implemented across five country programs in the Greater Mekong Subregion: Myanmar, Cambodia, China, Lao PDR and Vietnam. The program aims to strengthen the will and capacity of governments at all levels and communities to reduce HIV-related harm associated with drug use. It targets people who inject drugs and their partners, who are a marginalised group with limited access to harm reduction services in the Greater Mekong Subregion.

The nature of the HIV/AIDS problem (and its solutions) requires a multi-sectoral approach. The HIV/AIDS Asia Regional Program provides at the regional level technical support to country programs, knowledge management, monitoring and advocacy support.

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<sup>13</sup> The United Nations Special Rapporteur recently commended Project Childhood for being one of the world's most innovative programs for combating child sexual exploitation in travel and tourism.

<sup>14</sup> The Virtual Global Taskforce is an alliance of law enforcement agencies working together to prevent and deter online child abuse.

At the national level it works with DFAT Posts, partner governments, multi-sectoral agencies including health departments, HIV and AIDS agencies and drug control boards, United Nations organisations including the United Nations Office on Drugs and Crime, World Health Organization and UNAIDS, and international and local non-government organisations. The program funds needle and syringe programs in Myanmar, Cambodia, Vietnam, Lao and China, as well as methadone maintenance treatment in China, Cambodia and Vietnam. Needle and syringe service delivery operates through drop in centres and outreach modalities while methadone maintenance treatment is undertaken through dedicated clinics.

Over the past five years, the HIV/AIDS Asia Regional Program has made impressive gains in the Greater Mekong Subregion towards a political environment that supports harm reduction and builds local capacity to deliver harm reduction services. Advocacy around law and policy remains a high priority. In 2012, a substantial re-arrangement of the program's structure occurred to improve its quality and ensure that its objectives are clearly defined.

Over the reporting period, the HIV/AIDS Asia Regional Program country programs supported 41 415 intravenous drug users, dispensed over 1.6 million condoms, over two million sterile water vials and over 6.5 million needles and syringes. The program trained 3874 police and other law and order officials. In China, the program provided needle and syringe programs, methadone maintenance treatment, sexually transmissible infections testing and treatment to 22 000 individuals. The final evaluation showed that the program was highly effective at providing services to people who inject drugs. The China country program ended with the Government of China taking over harm reduction in mainland China.

At the HIV/AIDS Asia Regional Program methadone clinic in Cambodia, services have been expanded to include a non-government organisation-implemented needle and syringe program. The program also helped the Cambodian Government to develop a national harm reduction training curriculum for police. This curriculum, which has been nationally integrated into the existing law enforcement training program, trained 3874 police and other law and order officials in 2012.

In Myanmar, the program has been merged into the Three Millennium Development Goals Fund. This multi-donor initiative will collaborate with the Global Fund to sustain HIV and harm reduction efforts for people who inject drugs past the end of the HIV/AIDS Asia Regional Program.

The last 12 months have seen a large change in in the lead up to program's completion in 2015. This included setting up country support units in Lao PDR, Vietnam and Cambodia to help de-centralise the program to the country level and establish more effective delivery. Despite the slow roll out of these units, the program's effectiveness in 2012 in meeting its objectives was good overall.

The initiative is very complex as it involves coordination among several countries and a multiplicity of government ministries. These all have different core mandates, legal and policy settings, operating capacities and accountabilities that impact on the pace of implementing HIV harm reduction services and reform. DFAT is working with each partner country to agree an exit strategy to ensure the outcomes of the program's remaining two and a half years are sustained. However aligning the HIV/AIDS Asia Regional Program to DFAT's future direction in HIV/AIDS policy remains problematic, given the lack of a clear-cut HIV/AIDS strategic vision in the department.

### **HIV prevention and infrastructure in the Mekong**

The Mekong HIV Prevention and Infrastructure Project was a \$6 million investment over four years (2008–2012). It complemented Australia's partnership with the Asian Development Bank to build new roads and improve existing roads across the Mekong region. These roads bring many benefits such as increases in trade, movement of people and goods between

Cambodia, Lao PDR, Vietnam and Thailand. However, the new roads also risk contributing to the spread of HIV and other sexually transmitted infections in the region. Australia and the Asian Development Bank responded to this risk through the HIV Prevention and Infrastructure Program which delivered 10 projects across Vietnam, Lao PDR and Cambodia aimed at reducing the incidence of HIV transmission and prevalence of other sexually transmitted infections.

The activities were targeted at preventing HIV among high-risk groups, including sex workers, truck drivers, migrant workers and affected local communities, particularly the vulnerable, poor, women and ethnic minority communities. These interventions followed the construction phase of the associated infrastructure projects, with one sub-project in the post-construction phase. Activities under component 1 of the project included advocacy and capacity building for stakeholders at the local level and promoted information exchange, education and behaviour change. Activities also supported the strengthening of medical services at the district and provincial levels. Activities under component 2 focused on the production and dissemination of knowledge products from the implementation of component 1 projects.

Progress in 2012 was judged as adequate. Due to delays in progress during 2011, in 2012 the project finalised activities across the Mekong and undertook substantial monitoring and evaluation. The project team consulted a wide range of stakeholders such as local non-government organisations, government authorities and beneficiaries to consolidate the learning, knowledge base and impact the project has had. The Asian Development Bank also began developing a series of communication products. Ongoing delays throughout the life of the project meant that the completion date was rescheduled to June 2013.

The project made a significant contribution to increasing knowledge and understanding of the risk of HIV transmission, and helped to counteract unintended consequences incurred by the benefits of the newly constructed roads. In the last 12 months the results were compiled for the entire project, which were in line with expectations. They included:

- > awareness-raising and prevention services (voluntary testing and counselling, condom distribution, sexually transmitted infections treatment) to more than 119 497 individuals in Lao PDR, Cambodia and Vietnam at high risk of transmitting HIV or other infectious diseases due to their proximity to new economic corridors
- > training on HIV and sexually transmitted infection service provision for health service providers across the Mekong
- > a comparative analysis of risk settings in infrastructure projects which focused on the Vietnam Central Region Transport Networks and a study of the HIV risk implications of the cross border transport agreements. The results of the research will help to inform future activities in the region
- > gains in sustainable collaboration models for cross border connectivity for Vietnam and Cambodia, Vietnam and Lao PDR, Lao PDR and China
- > strengthened capacity and partnerships with key stakeholders, for example local non-government organisations and national and provincial government agencies, for HIV prevention.

An unanticipated success of the project was that it provided the Asian Development Bank with minimum standards for social protection policy and programs when financing infrastructure development. The initiative has served as a pilot for four Asian Development Bank-supported projects in Cambodia, Lao PDR, Myanmar and Vietnam totalling \$22.6 million for various HIV and HIV-related initiatives. The project also provided valuable lessons for future investments such as the potential risks to HIV intervention that may occur

as a result of a gap between the pre-construction phase, the commencement of the road construction and post-construction.

The key risks for this project in 2012 were continuing project delays, and lack of coherence in overall and project-level monitoring and evaluation frameworks. Assessments of the project's impact and efficiency confirmed it could be strengthened by a comprehensive monitoring and evaluation framework which provided specific, pre-determined indicators for success and overarching results across projects. Issues relating to sustainability given the project's short activity implementation period were also highlighted.

## **PREVENT**

PREVENT aims to reduce high-risk human-animal contact that may lead to emergence of pandemic threats. Australian support to PREVENT was confirmed in June 2012 through a delegated cooperation arrangement with USAID as the lead donor. The arrangement saw Australia committing up to \$6 million across three years to support USAID's existing PREVENT project. Australia's contribution is earmarked to PREVENT's implementation in Cambodia, Lao PDR, Myanmar, and Vietnam—a region recognised as a global hotspot for emerging infectious diseases and a potential source of the next human pandemic.

PREVENT applies a social and behavioural change approach to influence culture, commerce and land use. It does this by improving local capacities in disease prevention practices at the individual, community and policy levels so that dangerous pathogens in wildlife (i.e. zoonoses) do not threaten people's health.

The PREVENT activities demonstrate this approach. They include:

- > formative research and community surveys that identify high risk groups most vulnerable to exposure to emerging infectious diseases
- > value-chain analyses and bio-security assessments on animal meat trade and wildlife farms to identify entry points for behavioural change communication activities
- > development of an emerging infectious diseases risk reduction/primary prevention policy framework with community and government partners for potential implementation in other communities.

The delegated cooperation arrangement is a relatively new aid modality for both Australia and USAID, especially for programs in the East Asia Region. Early signs of the partnership are encouraging—USAID has been open and responsive to Australian inputs into the project. Australia's influence in PREVENT's governance has resulted in:

- > expansion of PREVENT to Myanmar with activities commencing in April/May 2013
- > expansion of PREVENT activities to cover highly pathogenic avian influenza in Cambodia and Myanmar. The appraisal peer review, which assessed the feasibility of Australian investments into PREVENT in 2012, identified the exclusion of highly pathogenic avian influenza in PREVENT activities as a key program and development risk given that it is a recurring public health threat in the Mekong countries
- > cancellation of an activity in Vietnam due to Australian concern of its value and effectiveness.

Achievements since the start of Australian contributions to PREVENT include:

- > policy engagement which led to the Vietnam Administration of Forestry requesting PREVENT's assistance to conduct biosecurity assessments of wildlife farms across eight provinces. The findings of these will be used by the Government of Vietnam to develop its biosecurity policies on wildlife farming. Findings will also be used by PREVENT to design biosecurity training for wildlife farms owners and their staff

- > responding to the significant hike in highly pathogenic avian influenza outbreaks in Cambodia in early 2013 by training provincial, district and community frontline health workers to improve early detection and response to outbreaks, and to promote behavioural change related to people's consumption of sick and dead poultry. Training activities covered 35 districts in four highly pathogenic avian influenza high-risk provinces and reached a total of 550 people including provincial trainers, district and community veterinarians, health workers, community leaders, volunteers, private clinicians and pharmacists.

## **STANDZ**

The Stop Transboundary Animal Disease and Zoonoses (STANDZ) initiative (\$12.87 million 2011–2016) consolidates Australia's long-standing support to the World Organisation for Animal Health South East Asia and China regional Foot and Mouth Disease eradication campaign, and to strengthening countries' veterinary services. The implementation approach for STANDZ is divided into three broad groups of interventions:

- > policy engagement at regional and national levels to gain commitment to, and alignment of, regional and national health policies and strategies with the World Organisation for Animal Health's global and regional standards and guidelines
- > programmed interventions to build organisational capacity and improve the performance of veterinary services in countries implementing national disease control plans
- > a small grant facility to support the priorities of least developed countries in national animal health system strengthening, specifically Foot and Mouth Disease and Rabies management activities, and for research to inform regional evidence-based disease management approaches.

STANDZ engages regional bodies and national policy makers to advocate for their continued commitment to fund and implement their respective animal disease strategies and plans. The program also provides targeted training and technical assistance to government veterinarians to prepare for and respond to outbreaks of emerging infectious diseases. It facilitates regional disease monitoring and joint work between countries, and initiates regional research that strengthens the evidence-base of emerging infectious diseases policies, and the approach of the World Organisation for Animal Health and countries to managing these.

STANDZ achievements for the reporting period include:

- > in Lao PDR, training 679 district and provincial veterinarians and village animal health workers in Foot and Mouth Disease vaccination, sample gathering and stakeholder communication. Consequently 18 219 local farmers (10 070 women) participated in village level Foot and Mouth Disease vaccination, animal identification and serum collection
- > developing six regional guidance documents on various aspects of effective Foot and Mouth Disease and Rabies control
- > conducting eight research studies for evidence-based policy and programming with topics ranging from animal movement, socio-economic impact, epidemiological studies of Foot and Mouth Disease hotspots, and Foot and Mouth Disease vaccination assessment. Findings from this research will be used by the World Organisation for Animal Health to inform its regional control guidelines for countries and the design of its in-country Foot and Mouth Disease interventions
- > enabling countries to apply the findings of their respective performance of veterinary services evaluation and gap analysis to improve their animal health sectors:
  - Vietnam is hiring more para-veterinary professionals to cover all the communes in the country

- Myanmar recruited 366 new field veterinarians and deployed these to 330 townships
- the Philippines is using the World Organisation for Animal Health’s recommendations on the minimum competencies of graduating veterinarians in the review of its national veterinary curricula
- a twinning program between a Thai and Laotian university is underway to train Lao veterinary professors and a cohort of veterinary university students.

One year into full implementation, the STANDZ monitoring and evaluation system is not yet well established or being used by the World Organisation for Animal Health–Sub-Regional Representation to effectively measure implementation progress, or to progress towards meeting objectives. Work to refine the monitoring and evaluation framework was undertaken in 2012 to guide implementation, including end-of-program outcomes, contributing outputs and inputs, and assumptions.

### Disaster management

In 2011, East Asia Summit leaders agreed to a joint Indonesia–Australia initiative to improve regional coordination in responding to natural disasters. In 2012, the aid program funded Emergency Management Australia over three years (2012–2015) to act as the Australian focal point and work with whole-of-government partners and other East Asia Summit members to begin implementing the initiative. In 2013, DFAT will continue to support the initiative by also funding an Emergency Management Australia-organised workshop on disaster rapid response.

To further support the East Asia Summit Disaster Management Initiative 2011, former Prime Minister Julia Gillard committed funding to establish a secretariat to support the Expanded ASEAN Committee on Disaster Management. As this East Asia Summit initiative’s progress was slow in 2012, we were not able to establish the secretariat and this funding has been deferred to 2013–14.

This support complements Australia’s other regional disaster management initiatives in ASEAN.

### Quality at Implementation ratings

The Quality at Implementation ratings summary for East Asia Regional programs is at Annex B.

**Relevance:** quality ratings against this criterion were all good to very good, which reflects the East Asia Regional program’s focus on ensuring programs align with the aid program’s primary strategic goals and framework.

There was strong improvement in the Project Childhood program due to its early efforts to strengthen links with the national priorities of partner governments, and the aid program’s gender and child protection policies. The project also attracted strong public interest and support for stopping sexual exploitation of children carried out by Australian nationals.

**Effectiveness:** quality ratings against this criterion ranged from adequate to good quality.

There was notable improvement in the ASEAN Australia Development Cooperation Project Phase II and APEC whole-of-government support program which moved from being categorised as underperforming initiatives to satisfactory. For the ASEAN Australia Development Cooperation Project Phase II, this was because the work-streaming program management approach was bedded down, and the program’s performance assessment framework was finalised. For the APEC whole-of-government support, improved effectiveness resulted from stronger measures to support projects in a systematic way, and the

shift to the projects being supported over multiple years, especially as part of a broader engagement strategy.

There were clear improvements in program delivery of Project Childhood in 2012, namely increased activity implementation and improved cross-pillar coordination. For this reason, the effectiveness rating for 2012 has been increased from two to three. While still considered an underperforming initiative, these developments indicate that with close monitoring, Project Childhood has the capacity to build on its improved progress.

Project TRIANGLE made clear gains, particularly in its objectives to strengthen recruitment and labour protection policies, and close the gap between policy intention and policy implementation at the national, bilateral and regional levels.

**Efficiency:** ratings varied across this criterion. Most programs were deemed satisfactory. However there were exceptions to this where the rating decreased.

Project Childhood made considerable progress due to a number of factors: better coordination across the prevention and protection pillars, having full complements of staff, and working well with existing organisations in partner countries. For this reason the efficiency rating has been increased to 4 for this reporting period.

The establishment of Country Support Units reflects current efforts to effectively manage the HIV/AIDS Asia Regional Program as a multi-country program which requires in-country technical, advocacy, and program management resources. Nevertheless, a key lesson learned for future DFAT program design work is that a multi-country modality presents inherent inefficiencies unless coordinated through a single mechanism.

Following a detailed examination of the APEC Whole-of-Government Support Program, and with the introduction of the Government Partnerships for Development Facility, it was noted that managing many separate small activities is a resource intensive process, relative to the amount of funding being expended. This has led to a rating decrease from 5 to 4.

STANDZ's efficiency rating also decreased, due to a number of factors including:

- > inefficiencies in staff recruitment processes by the implementing manager, the World Organisation for Animal Health Sub-Regional Representation for South East Asia
- > delays in implementing rabies control pilots in the Philippines and Indonesia from August 2012 to March 2013, which were caused by the lack of country ownership in finalising the proposals and in endorsing the activities
- > slower rates of funds disbursements resulting from the overly optimistic assessments of countries' absorptive capacity for proposed activities
- > the failure by World Organisation for Animal Health Sub-Regional Representation for South East Asia to fund a national Foot and Mouth Disease control program in the Mekong.

**Monitoring and evaluation:** ratings on this criterion from last year are mainly unchanged—that is either satisfactory or less than adequate, with the exception of Project Childhood, the ASEAN Australia Development Cooperation Project Phase II initiative and the AANZFTA Economic Co-operation Support Program. All of these initiatives improved their ratings.

The ASEAN Australia Development Cooperation Project Phase II now has a fully operational monitoring and evaluation system and performance assessment framework in place. The AANZFTA Economic Co-operation Support Program and Project Childhood (for the prevention and protection pillars) implemented monitoring and evaluation frameworks in 2012. More time is needed to see if these systems can deliver the information required to assess the sustainability and impact of these programs. In other programs the monitoring and evaluation systems are either still in the development stage or if implemented, are not yet

operating effectively. The monitoring and evaluation rating for the Mekong Trade and Transport Facilitation project was downgraded due to the outstanding requirement to develop a comprehensive monitoring and evaluation framework.

**Sustainability:** ratings against this criterion were fairly even, with three programs—APEC whole-of-government support, ASEAN Australia Development Cooperation Project Phase II, and Project Childhood—showing increased ratings. The rating for STANDZ decreased.

While there are positive signs for sustainability in ASEAN Australia Development Cooperation Project Phase II, generally the resources and capacity of the ASEAN Secretariat remain an impediment for this program and the AANZFTA Economic Co-operation Support Program. It is difficult to determine whether the ASEAN Secretariat can continue to support the implementation of these programs without ongoing Australian assistance, or if the secretariat is demonstrating the level of capacity/resources and ownership essential to supporting the programs' ongoing operations. It is also challenging for the programs to ensure the benefits of outputs/outcomes produced at the regional level will be sustained at the country level and be able to influence ASEAN Secretariat decision making bodies on sustainability issues.

Project TRIANGLE, PREVENT and the HIV/AIDS Asia Regional Program are tracking well. Project Childhood showed marked improvement, mainly due to more buy-in from stakeholders in adopting prevention pillar's approach to child safe tourism, and greater ownership at the national level in the delivery of training curricula that can be adapted and adopted for example, by mainstream police training institutions or academies.

For APEC, good progress in the APEC Secretariat Support program is being made in institutionalising the project management reforms which have the support of the APEC's Budget and Management Committee. The APEC Whole-of-Government Support Program's rating has improved from two to four, due to the shift to either multi-year projects or projects that focus on a single issue and have set of linkages over multiple funding cycles.

**Gender equality:** ratings varied considerably from good to inadequate. While improvements have been made in two programs, APEC whole-of-government support and Project Childhood, gender equality still remains problematic.

Tackling gender equality in programs focusing on economic projects is hampered by the degree to which the activity should deal with gender as a core issue or the amount of gender analysis that is viable. The nature of projects and activities undertaken under the APEC and ASEAN programs will continue to be a structural impediment to addressing gender equality other than through ensuring appropriate gender representation at seminars and workshops. Furthermore, despite advocacy from Australia to the ASEAN Secretariat on the importance of gender equality for sound development practice, gender is not high among the competing priorities for the secretariat or ASEAN more broadly. Planning and implementation of projects and activities funded by the ASEAN Australia Development Cooperation Project Phase II and AANZFTA Economic Co-operation Support Program are driven by ASEAN priorities, and the extent to which Australia can influence ASEAN and ASEAN Secretariat on gender equality is limited.

Programs that are rating well in gender equality have taken a tailored approach to incorporating gender into program management. For example, the HIV/AIDS Asia Regional Program continues to recognise that HIV harm reduction service delivery approaches need to recognise the unique and often more complex needs of women who inject drugs and partners of men who inject drugs. Strategies include women-only treatment rooms, employing female staff, former sex workers and drug users as peer outreach workers, providing targeted information, education and communication activities to women, and targeting sex workers via outreach programs in entertainment venues. A mid-term review found that TRIANGLE has

promoted equal gender balances in working groups or committees designing interventions and policies.

For STANDZ, working with the World Organisation for Animal Health on this issue is challenging given that the institution has a nascent understanding of the value of gender equality mainstreaming and its link to aid effectiveness.

## Management consequences

The East Asia Regional Annual Program Performance Review 2011–12 management consequences—and progress in addressing them—is at Annex A. The management consequences for this reporting period focus on significant or emerging risks associated with the East Asia Regional program in the coming 12 months. They include challenges which may impede the achievement of program objectives and identify strategic priorities.

### East Asia Regional risk profile

East Asia Regional is a low risk program. Three major risks are identified below in Table 3. While the risk ratings for most of the identified management consequences are not high, if not addressed these issues have the potential to impede the achievement of program objectives and identification of strategic priorities. To monitor the identified risks, the East Asia Regional Section has established a risk register, which will be monitored on a six monthly basis. Some programs also have their own risk management matrices in place, for example STANDZ. The East Asia Regional Section will also encourage program managers to regularly review the risk profiles of relevant programs and advise immediately when any adverse impacts on programs occur that have the potential to significantly increase risk.

During 2012, the regional Mekong Trade and Transport Facilitation program and the HIV prevention and infrastructure program faced constraints in management effectiveness, efficiency, and monitoring and evaluation when delivering co-financing activities with the Asian Development Bank and World Bank. These issues reflect similar experiences with bilateral co-financing activities in Lao PDR, Cambodia and Vietnam. A regional management response for addressing these management inefficiencies will support systemic issues impacting the effectiveness of initiatives located in the Mekong, both bilateral and regional. It will support a consistent approach to elevating management responses and promote the interconnection between regional initiatives and bilateral programs.

### East Asia Regional strategic and corporate priorities and deliverables 2013–2014

The activities implemented under the East Asia Regional program contribute to four goals:

1. in health, the program supports large-scale emerging disease prevention, vaccination and treatment, as well as efforts to contain the spread of regional public health threats such as drug resistant malaria
2. economic development: closer economic integration in East Asia will improve incomes, employment and enterprise opportunities and strengthen water resources management
3. the program will enhance access to justice and human rights through programs on human trafficking, labour rights and child sex tourism
4. humanitarian and disaster responsiveness: the program will support more effective preparedness to disasters and crises in East Asia.

The completion of the regional situation analysis and new regional strategy for East Asia Regional organisations and programs will articulate strategic priorities for the program in the short and medium term. The East Asia Regional Strategy will include a performance assessment framework to enable more robust reporting of progress in future annual program

performance reviews. The three sets of analyses planned for 2013—the program’s approach to supporting economic integration, and the delivery of health and human security programs—should inform future direction on these aspects.

The new strategy’s priorities will continue to address transboundary development challenges and programs to promote and support economic integration.

## **Management consequences 2012–13**

### **Program strategy and management**

1. Endorse the regional situation analysis by July 2013.
2. Publish the East Asia Regional Strategy, including a performance assessment framework, by the end of 2013.
3. Clarify the strategic intent, program logic and operational arrangements by developing delivery strategies for sustainable economic development, health and human security in 2013–14. In particular, the health delivery strategy will need to clarify the relevance and future directions of emerging infectious diseases and HIV/AIDS policies, and clarify the respective roles of DFAT’s Health Policy section and East Asia Regional Section’s roles in relation to policy, strategic guidance and program delivery.
4. Clarify the management and reporting arrangements for Mekong subregion programs.

### **Objective 1: improved capacity of regional organisations to address agreed priority development challenges**

#### **East Asia Summit**

- > Continue to engage with ASEAN and whole-of-government partners to establish an expanded ASEAN Committee for Disaster Management Secretariat by end 2013.

### **Objective 2: promoting and managing economic integration**

#### **General:**

- > Continue to advocate to ASEAN and the ASEAN Secretariat the importance of gender equality issues in regional development practice.

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

- > By 30 June 2013, complete the no-cost extension of the program’s duration to end 2019, as recommended by the 2012 ASEAN Australia Development Cooperation Project Phase II independent progress report, to build on the program’s results achieved to date and realise its potential to deliver sustainable outcomes.
- > By 30 June 2014, review ASEAN Australia Development Cooperation Project Phase II staffing support to the ASEAN Secretariat to confirm the focus and priorities beyond 2014.

#### **Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area Economic Cooperation Support Program**

- > In consultation with AANZFTA Economic Co-operation Support Program partners, develop the management response to the independent progress report by 31 July 2013 and implement the agreed recommendations by the end of 2013–14. Program partners will

work together to consolidate those areas where the program is performing well, and address those issues where improvements can be made.

### **APEC**

- > Improve performance management arrangements for the APEC Support Fund by the end of 2013 through a comprehensive evaluation framework that assesses the impact of APEC Support Fund projects in achieving its capacity building objectives and policy priorities
- > Commence a mid-term review of APEC Support Fund multi-year projects in the first quarter of 2014.

### **Whole-of-government engagement**

- > Resolve by end 2013 whether a separate mechanism that addresses the needs of the East Asia Regional Section's whole-of-government partners in progressing economic integration will need to be implemented to supplement Government Partnerships for Development.

### **Mekong regional connectivity (Australian-Asian Development Bank Greater Mekong Subregion Trade and Transport Facilitation project)**

- > Improve the performance management arrangements for the Australian–Asian Development Bank Greater Mekong Subregion Trade and Transport Facilitation project by developing a more comprehensive monitoring and evaluation framework by the end of 2013.
- > Undertake a mid-term review of progress and future direction of the project by end 2013.

### **Objective 3: addressing priority transboundary issues.**

1. Develop a human security delivery strategy by the end of 2013 to guide DFAT's regional programming of human security issues in East Asia.
2. Develop a health delivery strategy by the end of 2013 to guide DFAT's regional programming of health initiatives in East Asia.
3. Develop a plan for future investments in the human security and health portfolios post 2015 (managed from the Bangkok Regional Office), which will involve further consolidation of the number of regional activities and reflect the following decisions:
  - a. approved exit strategy for current HIV/AIDS harm reduction program by August 2013
  - b. approved approach to the decent work agenda in South East Asia by February 2014.
4. Begin implementing the regional malaria prevention program from 1 July 2013.
5. Start establishing the Australia–Asia Program to Combat Trafficking in Persons program by August 2013 including recruiting the program's advocacy manager.
6. Complete an independent review of Project Childhood by end 2013.

### **Disaster management**

- > Improve regional coordination in responding to natural disasters by working with Emergency Management Australia to deliver a workshop on disaster rapid response by end 2013.

Table 3: Risks associated with the program and management actions

<b>Most significant risks</b>	<b>Management response – What? Who? How? When?</b>
<p>No agreement by ASEAN disaster management officials to establish a secretariat for an expanded ASEAN Committee for Disaster Management.</p>	<p>The East Asia Summit program manager will continue to consult closely with the Department of Foreign Affairs and Trade and Emergency Management Australia to progress work in this area. DFAT's Assistant Secretary, Asia Development Strategies and Partnerships Branch, will manage with East Asia Regional Section and Jakarta Post.</p>
<p>Government Partnerships for Development, the replacement program for the ASEAN/APEC/East Asia Summit Public Sector Linkages Program, does not meet the needs of whole-of-government partners.</p>	<p>East Asia Regional Section to develop an alternative mechanism that best suits the objectives of the program and the needs of whole-of-government partners. For example:</p> <ul style="list-style-type: none"> <li>&gt; establish new East Asia Regional government partnerships fund</li> <li>&gt; increase funding support to existing whole-of-government mechanisms managed in East Asia Regional Section</li> <li>&gt; negotiate dedicated funding with whole-of-government partners</li> </ul>
<p>Lack of clarity on policy and strategic directions for the regional health programs.</p>	<p>The East Asia Regional Section, Health Policy Section, Asia Strategies Programs and Performance Section, Bangkok and Hanoi Posts to finalise a health delivery strategy by end 2013.</p>
<p>The performance assessment framework and East Asia Regional Strategy are not completed by end 2013.</p>	<p>Director East Asia Regional Section to work with Assistant Secretary Asia Development Strategies and Partnerships Branch to complete.</p>

## Annex A

### Progress in addressing 2011 management consequences

Management consequences identified in 2011 APPR (Annual Program Performance Report)	Rating	Progress made in 2012–13
<i>General program management</i>		
1. Complete the regional situation analysis and revised strategy.	Amber	Regional situation analysis and revised strategy are nearing completion. Performance assessment framework, economic integration and human security delivery strategies: drafting commenced and on target for completion end 2013–14. Health delivery strategy not yet commenced.
2. Complete economic and health delivery strategies. A social protection delivery strategy and performance assessment framework for the program are being targeted for completion by June 2013.		
3. Devolve ASEAN–Australia Development Cooperation Program Phase II management to the regional counsellor in Jakarta.	Green	Completed in March 2012.
4. Undertake analysis to inform future programming under the ASEAN socio-cultural and political-security pillars.	Green	Completed as part of a discussion paper considered at the ASEAN Australia Joint Cooperation Committee meeting in September 2012
<i>ASEAN–Australia Development Cooperation Program Phase II (AADCP II)</i>		
5. Implement recommendations jointly agreed by Australia and the ASEAN Secretariat from the independent progress report of June 2012. This will include finalising the monitoring and evaluation framework and continuing the momentum for building longer term programming.	Green	The performance assessment framework was completed in December 2012. AADCP II is building a strategic portfolio of longer-term activities. The no cost extension to 2019 is being progressed. DFAT is continuing to progress all other independent progress report recommendations which do not have deadlines.
6. Assist ASEAN to deliver over 30 projects contributing to ASEAN's economic integration goals (10 should be completed by December 2012 with the rest by June 2013).	Green	In 2012 AADCP II helped implement 38 ongoing projects, commenced seven, and completed two. Twenty-two projects are flagged for completion in 2013.
<i>ASEAN–Australia–New Zealand Free Trade Agreement</i>		
7. Operationalise the monitoring and evaluation framework and build the capacity of the support unit in the ASEAN Secretariat to manage it.	Green	A new monitoring and evaluation framework was implemented in October 2012. Under this, post-implementation surveys (on-completion and six months after completion of an activity or study) are expected to occur.  To enable the AANZFTA Support Unit to effectively operationalise and manage the monitoring and evaluation reporting function, the program's monitoring and evaluation consultant has to date undertaken three in-country week-long training sessions with the unit.

Management consequences identified in 2011 APPR (Annual Program Performance Report)	Rating	Progress made in 2012–13
<p>8. Participate in free trade agreement joint committee meetings (May 2012) and engage with the Department of Foreign Affairs and Trade and the support unit to advocate for and support:</p> <ul style="list-style-type: none"> <li>a. the upward trend in numbers and quality/maturity of project proposals</li> <li>b. the maintenance of support unit resources at optimum levels</li> <li>c. continuing ASEAN Secretariat support for the program.</li> </ul>	Green	<p>The AANZFTA Economic Co-operation Support Program manager attended both Economic Cooperation Budget Sub-Committee meetings under the Free Trade Agreement Joint Committee in May and December 2012. DFAT continues to engage with the AANZFTA Support Unit to monitor the quality and number of project proposals. The number of economic cooperation work program activities increased in 2012–13. The Department of Foreign Affairs and Trade and the Free Trade Agreement Joint Committee have also advocated to the ASEAN Secretariat the importance of helping the AANZFTA Support Unit to promote both the secretariat's and the support unit's capacity building potential.</p>
<p>9. Prepare for an independent progress report in 2013 to gather information and report on outcomes and lessons learned to high-level stakeholders.</p>	Green	<p>The independent progress report is being conducted from February to late June 2013. The final report was received 15 May 2013 and the management response is being prepared.</p>
<b>East Asia Summit</b>		
<p>10. Assist Australian whole-of-government partners to pursue development objectives in the region through the East Asia Summit/ASEAN Public Sector Linkages Program (March, September 2012), and establish a new South East Asia Regional Fund for the Department of Foreign Affairs and Trade (first half of 2012).</p>	Green	<p>The South East Asia Regional Discretionary Development Fund for the Department of Foreign Affairs and Trade was established in July 2012. Three Australian Government agencies were funded under the Public Sector Linkages Program in the reporting period.</p>
<p>11. Support Australian Government officials and ministers to participate in the East Asia Summit and related meetings (July and November 2012), including through strategy and briefing input, and introducing further development initiatives into the summit (including on drug resistant malaria).</p>	Green	<p>Australia provided advice and briefing input to both of these East Asia Summit meetings. At the November East Asia Summit Leaders Summit, leaders released a declaration on drug-resistant malaria.</p>
<b>APEC</b>		
<p>12. Support the APEC Secretariat to conduct the first large-scale evaluation of APEC project effectiveness by the end of 2012 by participating in the APEC Budget and Management Committee small working group.</p>	Green	<p>The Budget and Management Committee approved the proposed evaluation framework at its meeting in February 2013. The framework will be piloted in the first half of 2013 with results to be presented in July.</p>
<p>13. Assist the Department of Foreign Affairs and Trade to hold the planned structural reform workshop in July 2012 to help developing economies prepare well-designed projects that can be funded under the APEC Support Fund APEC New Strategy for Structural Reform sub fund (contributed by Australia).</p>	Green	<p>The workshop was held with the department's participation.</p>
<p>14. Coordinate a limited review of the APEC program in light of the new East Asia regional situation analysis and strategy, possibly covering the focus, balance and outcomes to date, with recommendations for a delivery strategy over the next three to five years.</p>	Green	<p>Work is ongoing and has informed the regional situation analysis and strategy. Further work will be done as the strategy develops.</p>
<b>Disaster management</b>		

Management consequences identified in 2011 APPR (Annual Program Performance Report)	Rating	Progress made in 2012–13
15. Work with the Department of Foreign Affairs and Trade and other areas of AusAID to deliver the ASEAN Regional Forum Inter-Sessional Meeting on disaster management, April 2012, and related initiative design.	Green	AusAID (East Asia Regional section and Fragility and Conflict Branch) worked with the Department of Foreign Affairs and Trade to deliver the ASEAN Regional Forum Inter-Sessional Meeting on Disaster Management in April 2012. AusAID provided funding and policy input for the meeting and also presented at the inter-sessional meeting.
<i>Trafficking in Persons</i>		
16. Develop a strategic policy on human security to guide the department's approach to investment in and development of programs to assist human security issues.	Green	Analysis was undertaken for the regional situational analysis for the East Asia Regional program. Under the analysis, addressing priority transboundary development challenges is one of the three objectives proposed for the East Asia Regional program. Guided by the strategic outcomes of the analysis, a human security delivery strategy will be developed in 2013 which will draw substantially on this analysis.
17. Complete the design of a new program to build on the successes of the Asia Regional Trafficking in Persons Project, and facilitate commencement of the program in 2013.	Green	The design of the Australia–Asia Program to Combat Trafficking in Persons was completed and the appraisal peer review was convened in May 2012. On 20 November 2012, former Prime Minister Julia Gillard announced funding of \$50 million for initiative at the East Asia Summit in Phnom Penh, Cambodia. The procurement process (one-step tender) to select the international service provider to implement the Australia-Asia Program to Combat Trafficking in Persons is underway.
18. Continue to support ASEAN partners in the important work of building consensus on practical needs, coordination priorities, and policy development for a stronger, more cohesive regional response to combatting trafficking in persons.	Green	The initiative's transition phase was extended from August 2012 to March 2013 to mitigate implementation gaps between the Asia Regional Trafficking in Persons Project and Australia-Asia Program to Combat Trafficking in Persons program. During this extension, the Asia Regional Trafficking in Persons Project continued to support core national and regional anti-trafficking in persons structures using its existing work plans. The extension also sustained Australia's strategic relationships and reputation as a leading partner and donor on trafficking in persons in Southeast Asia, and prepared regional and national partners for the Australia-Asia Program to Combat Trafficking in Persons initiative. Under the initiative, a partnership and advocacy manager will oversee successful program delivery and drive policy engagement with regional governments and organisations. The partnership and advocacy manager will be part of the DFAT office.

**Management consequences identified in 2011 APPR (Annual Program Performance Report)**

19. Continue through Bangkok Post to foster closer coordination with our development partners in the region, particularly with USAID through our partnership on MTV EXIT.

**Rating**

**Progress made in 2012–13**

Green

DFAT and USAID continue to support phase IV of MTV EXIT Asia program (2013–2016). A delegated cooperation agreement between the two agencies has been proposed to formalise DFAT-USAID collaboration on the initiative. In addition, DFAT and USAID will sit as members of a program management group and will have strategic oversight of the program's annual management and planning strategies.

Bangkok Post involved the USAID regional office in Bangkok in the appraisal peer review of MTV EXIT Phase IV.

In 2012, Bangkok Post and the USAID regional office in Bangkok initiated a quarterly meeting of like-minded donors to discuss trafficking in persons and other human security issues in Southeast Asia.

**TRIANGLE**

20. Bangkok Post to conduct at least two monitoring visits to migrant worker support service centres during 2012 and have input into the International Labour Organization's TRIANGLE mid-term evaluation terms of reference and mission, scheduled to commence in November 2012.

Green

Bangkok Post shaped the terms of reference for TRIANGLE's independent mid-term review to ensure that the review met AusAID's quality requirements and needs.

Bangkok Post participated in the field missions in Lao PDR, Malaysia, and Thailand and visited four migrant resources centres (one in Lao PDR, two in Malaysia, and one in Thailand).

Before the mid-term review, Bangkok Post visited the migrant resources centre in Chiang Mai, Thailand, which runs a radio program to help migrant workers understand their rights. The work of this centre was published in AusAID's FOCUS magazine in October 2012.

21. Bangkok Post to closely coordinate with the Canadian International Development Agency (CIDA) on TRIANGLE. Canada is supporting an ASEAN-focused arm of TRIANGLE (2011–2015).

Green

A joint plan of action has been drafted by CIDA Southeast Asia Regional and Bangkok Post on areas for collaboration on the Greater Mekong Subregion TRIANGLE and ASEAN TRIANGLE. The draft is being circulated for comment. The joint plan of action is part of the Australia–CIDA memorandum of understanding work plan 2012–2015.

CIDA has been invited to Greater Mekong Subregion TRIANGLE's activities. CIDA will participate in the TRIANGLE Sub Regional Advisory Committee meeting in June 2013. It also attended the debrief of the Greater Mekong Subregion TRIANGLE's mid-term review in February 2013. Australia and CIDA will consult on the evaluation recommendations and identify areas for coordination and joint delivery.

22. DFAT to attend at least one project advisory committee meeting during the first half of 2012 in one of the TRIANGLE project countries to monitor national ownership of the project and ensure it is progressing across its activities as planned.

Green

Bangkok Post did not attend a project advisory committee meeting in 2012, however, did participate in the mid-term review missions of TRIANGLE in Lao PDR, Malaysia and Thailand. These missions involved meetings with different TRIANGLE implementing partners, including governments, recruitment agencies, trade unions and civil society organisations.

**Project Childhood**

Management consequences identified in 2011 APPR (Annual Program Performance Report)	Rating	Progress made in 2012–13
23. Engage a program facilitator for Project Childhood by May 2012 whose priority will be to work alongside the United Nations Office on Drugs and Crime, INTERPOL and World Vision to facilitate planning for the first Project Childhood Coordination Committee meeting (second half 2012).	Green	From March to October 2012, program facilitators were contracted to help establish cross-pillar coordination systems and carry out key activities such as the Project Childhood Coordination Committee meeting. The first meeting was held in Bangkok in July 2012 and was well-received. High-level delegations of all four partner countries participated.
24. Decide whether an escalation of the management response to partners is required should Project Childhood not be on track to achieve the first coordination committee meeting by the end of May 2012.	Green	As noted above, the first Project Childhood Coordination Committee meeting was held in July 2012. Senior Management at Bangkok and Hanoi Posts closely engaged with implementing partners' to resolve Project Childhood's performance issues. There is a clearer understanding on both sides of expectations from the project.
25. Ensure the Protection Pillar partner engages a gender advisor to refine and strengthen its gender strategy, and engages an external consultant to rework the monitoring and evaluation framework before the next tranche payment is released to United Nations Office on Drugs and Crime.	Green	A gender specialist was recruited by the Protection Pillar to develop a gender strategy and to work with the monitoring and evaluation specialist on integrating gender into the monitoring and evaluation system. The monitoring and evaluation system of the Protection Pillar was finalised in July 2012.
<b>Health programs</b>		
26. Develop a delivery strategy to guide Australia's regional programming of health initiatives in East Asia.	Amber	To be developed by end 2013.
27. Re-allocate HIV/AIDS Asia Regional Program resources to the national level and establish country support units across bilateral Posts for more effective and sustainable management, in-country advocacy, improved monitoring and evaluation, and mainstreaming of HIV harm reduction activities.	Green	Measures undertaken to date include: A country support unit has been established in Laos PDR and Vietnam and staff are being recruited in Cambodia. Support mechanisms for these units are being finalised. Australia is working with each partner country to agree on an exit strategy to ensure the outcomes of the remaining two and a half years of the HIV/AIDS Asia Regional Program are sustained A monitoring and evaluation contractor has been engaged to undertake a gap analysis and develop monitoring and evaluation work plans for Lao PDR, Vietnam and Cambodia. These will strengthen the capacity of each country support unit to undertake country monitoring and evaluation of HIV/AIDS Asia Regional Program.
28. Work with the World Organisation for Animal Health to improve program monitoring and evaluation, outcome reporting and gender mainstreaming.	Green	The World Organisation for Animal Health has contracted an external monitoring and evaluation consultant to improve program monitoring and evaluation, outcome reporting and gender mainstreaming. A part-time officer will commence in April 2013 to help implement the monitoring and evaluation framework.

Management consequences Identified in 2011 APPR (Annual Program Performance Report)	Rating	Progress made in 2012–13
<p>29. Assist three countries in confirming national animal disease strategic plans, pilot rabies vaccination and prevention activities in high prevalence areas in Indonesia and the Philippines, and train 300 community animal health workers in foot and mouth disease outbreak response through the Stop Transboundary Animal Disease and Zoonoses (STANDZ) initiative.</p>	Green	<p>In 2012, three countries (e.g. Cambodia, Lao PDR, and Myanmar) revised their respective Foot and Mouth Disease control national plans in line with the regional Foot and Mouth Disease strategy, with assistance from the STANDZ initiative. Vietnam revised its national Foot and Mouth Disease plan.</p> <p>There is a delay in confirming sector-wide national veterinary services strategic plans in the Philippines and Vietnam owing to internal government approval processes. This activity will be included in the current 2013 World Organisation for Animal Health work plan.</p> <p>A pilot rabies vaccination activity in Masbate Province, Philippines will commence in March 2013. In addition to this, the Philippines also submitted a proposal in December 2012 to expand rabies vaccination in other areas of the country. This will entail delivery of 500 000 doses of rabies vaccines by February 2013. Indonesia’s proposal for a similar rabies control activity is expected to be finalised in the first quarter of 2013.</p> <p>STANDZ helped deliver and administer 50 000 doses of rabies vaccines in Lao PDR during World Rabies Day (September 2012), which raised awareness about rabies control in the country pending drafting of its national rabies plan.</p> <p>STANDZ trained a total of 679 people (29 women) in Foot and Mouth Disease vaccination, sample gathering, and stakeholder communication. Trainees comprised district and provincial veterinarians and village animal health workers in seven provinces in Laos. This trained cohort rolled out further training which covered 18 219 farmers (10 070 women) in village level Foot and Mouth Disease vaccination, animal identification, and serum collection.</p>

Note:

- Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.
- Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## Annex B

### Quality at Implementation ratings<sup>15</sup>

Initiative name	Approved budget and duration	Qal year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
INH157 ASEAN	\$66.7m	2012	6	4	4	5	4	3	I
Australia Development Cooperation Project: Phase II	11/5/07 - 31/12/15	2011	6	3	4	4	3	3	I
INI358 AESCP	Up to \$20m	2012	6	4	4	4	4	3	I
	3/11/08 - 30/6/14	2011	6	4	4	3	4	3	I
INH446 APEC Secretariat Support	\$22.954m	2012	5	4	4	3	4	4	I
	3/8/07 - 30/12/15	2011	5	4	4	3	4	4	I
ING088 APEC Whole-of-Government Support	\$29.762m	2012	5	4	4	3	4	3	I
	14/5/05 - 30/6/15	2011	5	3	5	3	2	2	I
INJ332 Project TRIANGLE	\$10.41m	2012	5	5	4	4	4	5	I
	13/5/10 - 31/8/15	2011	5	4	4	4	4	5	I
INI940 Project Childhood	\$7.4m	2012	5	3	4	4	4	4	I
	14/9/09 - 30/6/14	2011	4	2	1	3	2	3	I
ING221 HIV/AIDS Asia Regional Program	\$47.013m	2012	5	4	3	3	4	5	I
	21/7/05 - 31/7/15	2011	5	4	3	3	4	5	I
INJ703 STANDZ	\$12.87m	2012	5	4	3	3	4	3	I
	20/5/11 - 30/6/16	2011	5	4	5	4	5	4	I
INJ704 PREVENT	\$6m	2012	5	4	4	4	4	4	I
	18/10/11 - 31/12/15	2011							
INJ585 - GMS Trade, Transport Facilitation	\$6m	2012	5	4	4	2	4	4	I
	1/11/10 - 30/6/14								
INH747 - HIV Prevention and Infrastructure	\$6m	2012	4	4	3	3	4	4	I
	1/5/08 - 30/6/13	2011							

<sup>15</sup> The East Asia Regional Section acknowledges the problems that have led to ratings of 3 in areas such as gender, monitoring and evaluation and Project Childhood (effectiveness), and has management responses in hand to address these areas.

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Risk Management scale:

■ Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

■ Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

■ Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

## Annex C

### Evaluation and review pipeline planning

List of evaluations completed<sup>16</sup> in the reporting period

Name of Initiative	Aidworks number	Type of evaluation <sup>17</sup>	Date evaluation report received	Date evaluation report uploaded into Aidworks	Date management response uploaded into Aidworks	Published on website
ASEAN Australia Independent Cooperation Program Phase II	INH157	Independent progress report	29/5/2012	17/7/12	17/7/12	Yes
Project TRIANGLE	INJ332	Independent partner-led evaluation	26/4/13	29/4/13	1/6/13	

List of evaluations planned in the next 12 months

Name of Initiative	Aidworks number	Type of evaluation	Purpose of evaluation <sup>18</sup>	Expected completion date
Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area Economic Cooperation Support program	INI358	Independent progress report	To improve existing program	1/10/13
Project Childhood	INJ940	Independent progress report	To improve existing program and determine future options	31/8/13
APEC Secretariat Support – APEC Support Fund	INH446	Independent progress report	To improve existing program	December 2013

<sup>16</sup> 'completed' means the final version of the report has been received

<sup>17</sup> e.g. Mid-term review, Completion report, partner-led evaluation, joint evaluation

<sup>18</sup> e.g. .To inform a future phase of program, to improve existing program; to verify program outcomes

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<b>Name of Initiative</b>	<b>Aidworks number</b>	<b>Type of evaluation</b>	<b>Purpose of evaluation<sup>18</sup></b>	<b>Expected completion date</b>
Greater Mekong Subregion Trade and Transport Facilitation Project	INJ585	Mid-term review	To improve existing program	September 2013

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