



Australian Government

Department of Foreign Affairs and Trade



# Aid Investment Plan

South-East Asia Regional Economic Growth  
And Human Security Program

2015-16 to 2018-19

# Strategic priorities and rationale

**Australia's South-East Asia Regional Economic Growth and Human Security Program** addresses development issues and constraints to growth that are transboundary by nature and affect several countries in the region. The value of the regional program lies in its ability to tackle development challenges that cannot be addressed through bilateral investments alone. Through a regional approach, Australia can help countries implement a coordinated response to cross-border challenges such as constraints to trade and human trafficking. We can make use of existing regional mechanisms and organisations to facilitate a more effective approach involving countries of the region as well as other development partners. Australia's South-East Asia regional aid program will primarily be implemented across countries eligible for Overseas Development Assistance (ODA) within the Association of South-East Asian Nations (ASEAN)<sup>1</sup>.

## Regional context

Given our geographic proximity and multifaceted engagement with countries of the region, Australia has a clear national interest in a **prosperous, peaceful and secure South-East Asia** in which countries cooperate to resolve common problems. Australia has a strong interest in ensuring that countries develop inclusive economic policies and implement structural reforms which support regional integration, growth and development. Australia has long recognised the benefits of supporting regional processes for promoting peace and economic growth and was the first country to become a dialogue partner with ASEAN in 1974. Our relationship to ASEAN was elevated to a strategic partnership in 2014, placing us among the top-tier of ASEAN's external partners with China, India and Japan. Our partnership is now deep, and covers cooperation in development, economic integration, security, culture, trade, and education.

South-East Asia is **one of the fastest growing regions** in the world. The economic outlook across ASEAN remains robust over the medium term, anchored by the steady rise in domestic demand for goods and services and a rapidly growing middle class. ASEAN's combined GDP rose over threefold from 2000 to 2014, reaching over \$2.5 trillion, and is projected to grow at 5.4 per cent per annum until 2018<sup>2</sup>. As a combined economy, ASEAN represents over 15 per cent of Australia's total trade, with two-way trade valued at more than \$100 billion in 2014. But despite impressive economic growth and poverty reduction, **development in South-East Asia is uneven** between and within countries. Millions of people still live on less than US\$1.25 a day, and inequalities abound in income, education, access to formal labour markets, financial services and infrastructure. In spite of the sustained periods of growth, Cambodia, Laos, Burma and Vietnam in particular lag behind the other six ASEAN economies. The region faces major governance challenges, and limited institutional capacities have the potential to become stumbling blocks in the implementation of the ASEAN Economic Community (AEC), which is to be declared by the end of 2015.

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<sup>1</sup> ASEAN comprises Laos, Burma, Vietnam, Thailand, Cambodia, Indonesia, the Philippines, Brunei, Malaysia and Singapore. All but Brunei and Singapore are ODA eligible. The regional program's activities will primarily be implemented in Laos, Burma, Vietnam, Cambodia, Indonesia, and the Philippines, where Australia also provides bilateral aid assistance.

<sup>2</sup> *Economic Outlook for Southeast Asia, China and India 2014 - Beyond the Middle-Income Trap*, OECD 2014

**Human trafficking and the large-scale exploitation of migrant workers** undermine the rule of law and threaten the region's stability. As long as these crimes remain low-risk and high-reward for perpetrators, criminal networks will continue to flourish and weaken the ability of countries to manage their borders effectively. Capability constraints in countries' legal and enforcement systems to investigate, prosecute and adjudicate these crimes need to be addressed. At the same time, it is important that safe and legal migration in the region is facilitated. ASEAN's economic growth will continue to be reliant on a dynamic and increasingly skilled labour force which can move regionally to take up employment opportunities. In a number of sub-regions and in some industries, the foreign labour force is routinely exploited, in contravention of fundamental human rights, and generating widespread economic, social and political impacts with serious consequences for development. There is a growing understanding amongst countries of the region that unilateral actions to tackling these challenges are ineffective and that joint approaches are necessary.

By focusing on economic growth and human security, our regional aid program will ensure that our most **highly valued commitments to ASEAN** countries in support of economic integration are met, and that Australia's leadership in countering criminal human trafficking networks and supporting stable, legal migration pathways is maintained. We will adopt innovative approaches to tackle these issues, while placing a strong emphasis on women's economic empowerment. This will form part of our practical and direct support to ASEAN's Political-Security Community and Economic Community pillars of cooperation. The program will also directly support Australia's broader foreign policy and trade objectives in the region, including those progressed through regional forums such as the East Asia Summit and a number of ASEAN forums (including thematic committees and working groups on women entrepreneurs and on migrants), thus contributing to the Department of Foreign Affairs and Trade's (DFAT) integrated foreign affairs, trade and aid policy in the region.

## Enabling regional economic cooperation and inclusive growth

As the region opens a new chapter through the declaration of the AEC by the end of 2015, Australia will use its regional aid program to **support the ASEAN regional economic integration** agenda and the aid-for-trade objectives under the Australian Government's aid policy *Australian aid: promoting prosperity, reducing poverty and enhancing stability*. We will continue to support the ASEAN Secretariat's efforts to realise the AEC through the provision of high quality economic research and policy advice in priority sectors. These include investment, connectivity, trade-in-services and consumer protection through the ASEAN-Australia Development Cooperation Program Phase II (AADCP II). We will continue to assist ASEAN Member States to maximise the benefits of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), which will also develop ASEAN's capacity to participate in other trade related negotiations, such as the Regional Comprehensive Economic Partnership. We will pursue opportunities to advance gender equality through our work with ASEAN including support for policy interventions.

Innovative investments will help **narrow the gap among ASEAN member states** between developing and more advanced economies of the region. By supporting private sector development in the Mekong region and helping low income men and women access well regulated and affordable financial services, we will strengthen our position as an effective and practical supporter of inclusive regional economic growth. We will also look at ways to build on Australia's long-standing support to trade and transport facilitation in the region, tailored to the individual circumstances of male and female traders. This will complement DFAT's bilateral infrastructure investments in the region, in support of increased connectivity. Collectively, these investments will directly address the women's economic empowerment objective and aid-for-trade<sup>3</sup> target of the aid policy.

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<sup>3</sup> In 2015-16, it is estimated the South-East Asia regional program will allocate more than 40% of its budget to aid-for-trade activities, well above the aid policy's target of 20%.

Whenever possible, we will advocate for the regulatory environment and the program's activities to actively consider and address the needs and rights of people with disabilities.

Australia's Mekong Water Resources Program will continue to help develop and **better manage the region's water resources** for greater economic opportunities as well as to protect the 60 million people that rely directly on the Mekong River for their livelihoods. Hydropower development is vital for the economic future of countries of the Mekong Basin, and its transparent management is critical to the stability of countries and regional links. Our program is helping countries of the region build hydropower dams sustainably, through targeted investments in quality planning and with dedicated components that bolster women's influence in natural resources management decisions. This includes working directly with developers and banks to improve investment quality and better apply environmental and social safeguards, but also supporting the Mekong River Commission consultation processes. Our continued support to water resource management in the region will be important in implementing the Government's Australian Water Partnerships initiative, which will work through the Mekong water resources program's networks and relationships to help the Indo-Pacific region access Australian water expertise.

## Strengthening regional responses to trafficking and the exploitation of migrant workers

As ASEAN becomes more integrated, the region's economic prosperity and stability will increasingly depend on the effective management of the movement of migrant workers within and from the ASEAN region. With more than 10 years' experience **combating human trafficking** in the region, and half a decade working on labour migration governance, Australia is well placed to support ASEAN through this phase. Australia has a comprehensive whole-of-government strategy to combat human trafficking, slavery and slavery-like practices. This includes demonstrating Australia's leadership internationally by promoting and enhancing regional cooperation to combat trafficking and slavery, including through the Bali Process.

By promoting regular migration within the region, Australia can help divert money from criminal networks, including those linked to people smuggling and trafficking. We will build the capacity of partner governments to **promote safe and legal labour migration** and combat the exploitation of migrant workers as this leads to human rights violations, distorts global markets and undermines the rule of law. This will ensure the benefits of labour migration are experienced by both source countries (through remittances and skills development) and destination countries (through the filling of labour shortages). We will further Australia's interests in strengthening the region's criminal justice responses to trafficking by reducing the incentives and opportunities for these criminal activities.

The gender dimensions of migration and trafficking are central to the focus of our programs. We will build upon our partners' efforts to remove laws that are intended to protect citizens but can make it more difficult for people (especially women) to migrate safely. We will deepen our engagement to ensure that criminal justice systems are responsive to male and female victims, as their experiences of trafficking and subsequent needs can differ greatly. We will seek to address the specific needs and right of people with disabilities in the context of migration and trafficking.

# Implementation approaches

## Working regionally with the right partners

Building on years of experience implementing regional programs in South-East Asia, Australia will work with **partners with proven track records** in delivering effective and efficient regional approaches to programming. We will work with the regional offices of trusted and innovative multilateral organisations such as the Asian Development Bank (ADB), the United Nations Capital Development Fund and UN Women. We will partner with relevant NGOs, managing contractors, and academic institutions. We will proactively work with the private sector to advance Australia's aid objectives. We will continue to partner with regional institutions such as the ASEAN Secretariat, support the Mekong River Commission, and work with partner governments from across the region on the in-country implementation of our regional investments.

DFAT will continue to work with a number of **whole-of-government partners** on the implementation of the South-East Asia regional aid program, such as the Attorney-General's Department, Murray Darling Basin Authority, Department of Environment, Department of Employment, and Australian Competition and Consumer Commission, to ensure policy consistency and alignment with broader government priorities.

## Complementing DFAT's bilateral and global programs and objectives

Development challenges often require a **combination of approaches**. This may include bilateral investments targeted to the individual needs of a country, regional/global programs to address the transboundary elements of the issue, and political engagement to help maximise the benefits of these investments.

In addition to actively pursuing alignment with DFAT's broader foreign policy and trade objectives in the region, the regional program will look at ways to practically complement DFAT's South-East Asia **bilateral aid investments** as outlined in bilateral Aid Investment Plans (AIP). The program will also contribute to DFAT's broader Regional East Asia aid investments, which include support to the Asia-Pacific Economic Cooperation (APEC), as well as aid investments in North Asia – not included in the present AIP.

The regional program will also complement **Australia's global aid programs and priorities**. For example, while the South-East Asia regional program will not renew existing health investments at the conclusion of our current commitments, DFAT will continue to make use of a range of mechanisms to address regional health threats and known shortcomings in the region's health systems. These mechanisms include using policy and diplomatic leverage to influence, including through regional forums such as ASEAN and EAS, country policy, strategy and domestic resource allocation for health security. DFAT's work setting up the Asia Pacific Leaders Malaria Alliance is a good illustration. Whenever relevant, the regional program team will also support other divisions within DFAT to leverage regional and global funding, including from large multilateral organisations, to strengthen public health systems in the region.

## Supporting long-standing investments and making use of Australia's expertise

The regional program will build on Australia's **long-standing investments** in economic growth and human security. Our support to regional human security started more than a decade ago, our engagement in regional economic growth issues can be traced back to 1974 when Australia became the first of ASEAN's 10 dialogue partners, while our support to water resource management in the Mekong region dates back to the early 1990s. These long-standing investments have helped the Australian aid program establish sectoral expertise, develop valuable networks and build our reputation as a trusted partner of choice in specific sectors.

These investment choices also build on **Australia's own domestic experience**. In water resource management for instance, Australia has significant experience and expertise gained from managing a complex domestic system. Over time, Australian experts, including those in DFAT, have built strong relationships with regional stakeholders. This enables Australia to engage in substantial, constructive policy dialogue and share practical expertise, such as with hydrological modelling and creative land and water management initiatives that enable civil society organisations to participate in water governance. Another example of the regional program's use of Australia's expertise is our work with the Australian Competition and Consumer Commission, through the Competition Law Implementation Program under the AANZFTA Economic Cooperation Support Program (AECSP), which provides capacity building assistance to ASEAN member countries' competition authorities to support regional competition reform. Consumer protection and competition law are priorities for ASEAN and are crucial for the realisation of the AEC.

## Working innovatively with the private sector

Long-standing support to specific sectors does not equate to a 'business as usual' approach. The regional program is constantly looking at **innovative ways to help solve complex problems** and lift the quality and value for money of our aid investments. The Shaping Inclusive Finance Transformations in ASEAN (SHIFT) is a good illustration of our innovative approach. We will leverage connections and benefits from SHIFT with other DFAT investments, such as the flagship *Investing in Women* initiative, an innovative private sector program in the Philippines, Indonesia and Vietnam, which will expand the access of women-led small and medium enterprises to impact investor capital, and work with business coalitions active on gender equality.

In South-East Asia as in other regions, the private sector drives productivity and employment leading to economic growth. In low and middle-income countries, the private sector generates 90 per cent of jobs, funds more than 60 per cent of investment, and contributes more than 80 per cent of government revenue through company taxes, resource rents and income tax on employees<sup>4</sup>. Many constraints to business development are common across the region, in particular the complexity and delays in starting businesses, gaining access to energy and protection of minority investors.

The regional program will actively seek opportunities to **engage with the private sector** to leverage its comparative advantage to advance Australia's aid objectives. While the nature and complexity of these private sector partnerships will vary according to each program and the unique assets of the business partner, broad areas of engagement have been identified and include: developing and rolling out new financial products and services; supporting private sector development policy reform at the national and ASEAN level; leveraging private capital and impact investment in order for micro, small, and medium enterprises to have greater access to finance and capital for growth; and ensuring employment opportunities at country of destination address private sector needs and capabilities.

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<sup>4</sup> World Bank 2014, *World Development Indicators*.

# Performance management

## Performance benchmarks

| Target                                                                                                                                                                                         | 2015-16                                                                                                                                                                   | 2016-17 (indicative)                                                                                                                                                          | 2017-18 (indicative)                                                                                                                                    | 2018-19 (indicative)                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Objective 1: Enabling regional economic cooperation and inclusive growth</b>                                                                                                                |                                                                                                                                                                           |                                                                                                                                                                               |                                                                                                                                                         |                                                                                                               |
| <b>1.1</b> Support of priority ASEAN Economic Community Blueprint (and its successor) <sup>5</sup>                                                                                             | Projects <sup>6</sup> supporting the AEC Blueprint and its successor agreed and jointly implemented by ASEAN and Australia                                                | Projects supporting the AEC Blueprint and its successor agreed and jointly implemented by ASEAN and Australia                                                                 | Projects supporting the AEC Blueprint and its successor agreed and jointly implemented by ASEAN and Australia                                           | Projects supporting the AEC Blueprint and its successor agreed and jointly implemented by ASEAN and Australia |
| <b>1.2</b> Better-functioning national and regional policy and institutional environment for Small and Medium Enterprise (SME) promotion                                                       | Partnerships established with private sector development stakeholders across the region                                                                                   | Institutional and policy reforms for SMEs prepared and agreed                                                                                                                 | Institutional and policy reforms formalised/legislated                                                                                                  | Institutional and policy reforms to promote SMEs implemented, with improvements in ASEAN SME policy index     |
| <b>1.3</b> Increase financial inclusion by 300,000 <sup>7</sup> people and Micro, Small, and Medium Enterprise through matching innovation grants to 10-16 financial institutions <sup>8</sup> | Beneficiaries reached in 15-16 will be reported on in 16-17                                                                                                               | Total 7 grantees outreach to cumulative total 50,000 beneficiaries                                                                                                            | Total 16 grantees outreach to cumulative total 300,000 beneficiaries                                                                                    |                                                                                                               |
| <b>1.4</b> Enhanced cooperation between countries on transboundary water issues, contributing to sustainable economic growth and regional security                                             | Mekong River Commission Prior Consultation on next hydropower project involves all stakeholders and contributes to redesigns that minimise social & environmental impacts | Vietnam Delta Study and Council Study outcomes result in high-level dialogue between governments and country agreement for sustainable development of the Mekong River system | Evidence of enhanced cooperation between countries and evidence from the public sector which demonstrates improved capability to manage water resources |                                                                                                               |
| <b>Objective 2: Strengthening regional responses to trafficking and the exploitation of migrant workers</b>                                                                                    |                                                                                                                                                                           |                                                                                                                                                                               |                                                                                                                                                         |                                                                                                               |
| <b>2.1</b> Law enforcement agencies regularly share information on transnational trafficking cases for investigation purposes in a timely manner. <sup>9</sup>                                 | 5 bi/multilateral agreements on sharing evidence for transnational Trafficking In Persons (TIP)                                                                           | 6 bi/multilateral agreements on sharing evidence for transnational TIP investigations agreed                                                                                  | 7 bi/multilateral agreements on sharing evidence for transnational TIP investigations agreed                                                            | 4 bi/multilateral agreements used to regularly exchange information on TIP cases for investigation            |

<sup>5</sup> This benchmark and milestones cannot be fully defined until the new ASEAN AEC Blueprint is released in December 2015.

<sup>6</sup> Projects will be in-line with priorities for enabling economic cooperation and inclusive growth.

<sup>7</sup> All figures for this indicator will be confirmed by August 2015.

<sup>8</sup> The program intends to provide female/male disaggregated data and will provide a benchmark on female participation.

<sup>9</sup> AAPTIP is supporting the following bilateral and multilateral information exchanges: Laos-Thailand; Burma-Thailand; Cambodia-Thailand; Philippines-Malaysia; Vietnam-Malaysia; Indonesia-Thailand-Burma.

|     |                                                                                                                                           |                                                                                                         |                                                                                                                                                                                            |                                                                                                                  |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
|     | investigations agreed.<br>1 additional counterpart organisation adopting and implementing a new gender strategy.                          | (cumulative).<br>1 additional counterpart organisation adopting and implementing a new gender strategy. | (cumulative).<br>3 bi/multilateral agreements for exchanging evidence on TIP for investigations.<br>1 additional counterpart organisation adopting and implementing a new gender strategy. | purposes (cumulative).<br>1 additional counterpart organisation adopting and implementing a new gender strategy. |
| 2.2 | Share of women and men migrant workers who decide to migrate through regular channels based upon provision of safe migration counselling. | Cambodia: 60%<br>Burma: 40%<br>Vietnam: 86%                                                             | Cambodia: 65%<br>Burma: 45%<br>Vietnam: 88%                                                                                                                                                | Cambodia: 70%<br>Burma: 50%<br>Vietnam: 90%                                                                      |

## Mutual obligations

Australia's South-East Asia regional aid program utilises existing **regional frameworks on economic growth and human security** to guide investment and programming choices that align with the priorities, commitments and agreements entered into by countries of the region. Progress against specific commitments under the following regional frameworks will be regularly assessed:

- *ASEAN-Australia Strategic Partnership (2014)*: Australia and ASEAN will report to the annual Post Ministerial Conference +1 Session with Australia against the Plan of Action to Implement the ASEAN-Australia Strategic Partnership (2015-2019) held annually. The Plan of Action covers a range of cooperative measures to promote a peaceful, stable and integrated ASEAN Community.
- *ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)* which entered into force on 1 January 2010 included an economic cooperation Implementing Arrangement to support the implementation of the AANZFTA. This includes creation and funding of an AANZFTA support unit in the ASEAN Secretariat, and funding for annual programs of economic cooperation activities approved by the FTA Joint Committee.
- *Mekong River Commission (MRC) Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin (1995)*: the Governments of Cambodia, Thailand, Vietnam and Laos endorsed and committed to a member country financing trajectory for the MRC that results in full member country financing of the organisation by 2030.
- *ASEAN Declaration Against Trafficking in Persons Particularly Women and Children (1998)*: Members of ASEAN commit (to the extent permitted by their respective domestic laws and policies) to undertake concerted efforts to effectively address trafficking in persons, particularly women and children. In 2015, ASEAN is expected to adopt the *ASEAN Convention on Trafficking in Persons Particularly Women and Children (ACTIP)*, and the associated *ASEAN Plan of Action (APA)*, which will go beyond the 1998 Declaration to establish a regionally binding Convention to strengthen regional efforts to prevent and prosecute trafficking in persons. Our human security investments contain clear proposals and activities to assist Member States to implement the ACTIP and APA, while also considering the labour dimensions of trafficking.
- *Declaration on the Protection and Promotion of the Rights of Migrant Workers Labour (2007)*: signed by all ASEAN member states, the Declaration recognises migration management as a priority transboundary development challenge. The Declaration is the key regional commitment that drives the safe and fair migration principles underpinning Australia's human security investments, alongside international labour standards.

Australia has undertaken extensive consultations with partner governments and regional institutions to develop project specific agreements to achieve realistic outcomes. These agreements commit Australia to deliver **high quality programs** that can take the form of financial, technical and policy support. These programs are designed to ensure value for money, effective



use of resources, transparency and sustainability. The objectives of each investment align with national-level development plans and contribute to specific development priorities.

## Monitoring, review and evaluation

In line with the objectives of the government's aid policy, the regional program presents a more **consolidated approach** for achieving key development outcomes. We will build on past experience in program implementation, monitoring and evaluation to continue to report responsibly and accurately, in-line with DFAT standards.

The Performance Assessment Framework will **track program performance** against the AIP's objectives. Monitoring of the AIP's objectives will be aligned with detailed and robust annual reporting through the Aid Program Performance Report (APPR). Reporting will generate credible, accountable information which will inform program management. Monitoring and evaluation will be used to demonstrate the program is making a difference, achieving results and value for money, and meeting its objectives. It will rigorously assess the relevance, effectiveness and efficiency of program implementation and management, and will test the assumptions of the programming environment, and evaluate risks and challenges. The program intends to provide female/male and disability disaggregated data whenever possible. We will consider discontinuing regional investments that do not demonstrate high performance through DFAT's quality assessment's cycle.

The regional program's **monitoring and evaluation strategy** will continue to evolve over the four years of this AIP to improve the links between individual program outcomes and contributions to the two key objectives. Relevant analysis will be undertaken in order to:

- maintain alignment with DFAT's priorities in economic integration, gender equity, trade, foreign policy and complementarity with bilateral aid programs in the region;
- provide a strong, clear and informed rationale which demonstrates how program activities contribute to the overall objectives;
- ensure the management structure of the program is responsive to the challenges of multi-country reporting and program management across several countries; and
- monitor the program's ability to be flexible and adapt to changes to the political, donor and development context in South-East Asia.

# Program management

## Governance and resource management

Australia's regional aid program in South-East Asia is managed by the Department of Foreign Affairs and Trade in Canberra, Jakarta, Bangkok and Vientiane. Overall responsibility for the strategic policy direction of the program lies with the **First Assistant Secretary, South-East Asia Mainland and Regional Division (SRD)**. The Ambassador to ASEAN is responsible for the effective implementation of all regional economic growth and human security programs and for managing relationships with key partners, with the exception of the Mekong Water Resources Program which reports directly to the Ambassador to Laos. Regional teams in Jakarta, Bangkok and Vientiane work closely with colleagues in DFAT's South-East Asia Regional Branch in Canberra.

Designing, implementing and evaluating aid investments requires highly skilled staff. We will regularly assess the skills required at Posts and in Canberra to carry out this work, and invest in staff training and development.

## Risk management

The South-East Asia Regional Economic Growth and Human Security Program will **monitor and manage risks** at both the implementing country level and the regional level. Staff in Canberra, Jakarta, Bangkok and Vientiane will be responsible for identifying and managing risks, and elevating risks to the attention of senior management when appropriate. With management responsibilities spanning three Posts and a diverse range of DFAT and whole-of-government stakeholders in Canberra, DFAT's South-East Asia Regional Branch plays a key coordination role and pulls together program-wide information on risks relating to policy shifts, program quality and financial expenditure.

Given that the dynamics of the region can shift drastically as a result of geopolitical and macroeconomic shocks, it is important that we look beyond individual country risks, and also consider possible risks to **regional stability and prosperity**. Our Ambassador to ASEAN based in Jakarta is a strategic asset which allows us to better understand and manage the risks involved in working in South-East Asia's complex regional environment.

Reporting on results against regional investments presents specific issues. Programs need to be designed to ensure individual implementing country level results can be captured, but that clear judgements can also be made on progress against broader whole-of-program outcomes. The type of investments appropriate for regional programming can make it difficult to determine tangible and immediate results that clearly demonstrate value for money. We will address these issues by investing appropriate time and resources in the **program design** phase in particular, to tackle the specific challenges posed by regional programming.

While efforts have been made across South-East Asia to tackle corruption, it remains widespread in many countries and affects good governance. The four poorest ASEAN countries (Cambodia, Laos, Burma and Vietnam), have low scores on Transparency International's 2014 Corruption Perceptions Index, with Vietnam ranked 119<sup>th</sup>, Laos 145<sup>th</sup> and Burma and Cambodia equal 156<sup>th</sup> out of 175 countries. Against this background, Australia maintains a **'zero-tolerance' approach to corruption and fraud** in our aid program. Over the course of this AIP, we will regularly monitor our own systems and processes to reduce opportunities for corruption in line with DFAT's Fraud and

Anti-Corruption Strategies. We will make use of our comprehensive fraud control and risk management frameworks to help prevent, detect and control fraud. We will continue to engage with trusted and effective implementing partners such as major international organisations (UN agencies, ADB), respected regional institutions (Mekong River Commission, ASEAN Secretariat) and high-performing NGOs and managing contractors.

Given the weak regulatory environment, many development projects entail risks of unintended social and environmental consequences. We will work with development partners to minimise this risk. This will include applying robust **social and environmental safeguards** policies and processes (including child protection), and conducting additional monitoring when required. The Mekong Water Program also supports disaster risk reduction by supporting Mekong governments and the Mekong River Commission to institute sound basin management across the Mekong river system. This includes supporting flood forecasting and stronger approaches to flood management.

To ensure the regional program takes into account the views of **whole-of-government** partners, we will actively engage with other government departments and agencies whenever relevant. Under our Human Security objective for instance, we align our work with Australia’s broader whole-of-government strategy to combat human trafficking, slavery and slavery-like practices both at home and abroad. DFAT is a member of the Interdepartmental Committee on Trafficking and Slavery, and sits on a number of working groups (including the Supply Chains Working Group), ensuring our programs are consistent with, and complement, broader Australian Government efforts.

We will regularly assess, monitor and manage risks in accordance with the table below.

| Process                                                                                         | Frequency |
|-------------------------------------------------------------------------------------------------|-----------|
| Update of program-level risk register                                                           | Quarterly |
| Regional senior management team discussion on risk management, expenditure and program planning | Quarterly |