




East Asia regional development cooperation report 2009

October 2010



CONTENTS

CONTEXT	2
Economic integration and trade liberalisation.....	2
Transboundary issues.....	3
Donors and whole-of-government	4
PROGRESS TOWARDS OBJECTIVES	4
Objective 1: Strengthen capacities of key regional institutions to enhance economic integration and trade liberalisation.....	4
Objective 2: Improved regional responses to transboundary development challenges.....	5
Program quality.....	7
NEXT STEPS	7



This report summarises the aid program's progress in 2009 towards the objectives of the East Asia regional program. The program presents a strategic opportunity to provide development assistance that complements bilateral programs and supports regional objectives. Reports on the program's performance in previous years are available on the Australian Agency for International Development's (AusAID's) website.

Context

Total Australian aid allocated through the East Asia regional program in 2009–10 is estimated at \$104 million: \$23.5 million goes to Asia economic programs, \$21.3 million to the Asia transboundary program and \$13.2 million to the pandemics preparedness initiative.

The remaining funds are for AusAID development work in education, health, infrastructure, food security and rural development.

East Asia is vital to Australia's economic and security interests. AusAID's program in the region therefore focuses on engagement with key institutions to support Australia's participation in East Asia and advance development. East Asian countries, which are at different levels of economic development, use regional institutions to protect and advance their collective interests. Increased trade liberalisation and economic integration help these countries generate the resources they need to progress towards the Millennium Development Goals, including to fund poverty reduction and provide health, education and social services.


The regional program helps the least developed East Asian members of regional forums to develop economically and socially. This includes the members of the Association of Southeast Asian Nations (ASEAN), an important regional body and an important partner for Australia. Members include the South East Asian nations of Brunei Darussalam, Myanmar, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Philippines, Singapore, Thailand and Vietnam.¹¹ AusAID is helping ASEAN establish an ASEAN Economic Community by 2015 by improving the ASEAN Secretariat's (ASEC) institutional capacity, conducting economic research, employing technical specialists and management support, and implementing projects that promote regional economic integration.

Asia-Pacific Economic Cooperation (APEC) is another important regional body that Australia is a member of. AusAID is helping APEC with its ambitious development agenda, designed to advance free and open trade and investment. AusAID is doing so as an active member, by providing technical assistance and project funding, and by building the APEC Secretariat's ability to provide policy development advice, project management and assistance to developing member economies.

Economic integration and trade liberalisation

AusAID delivers aid by partnering with others. In Asia, we work closely with ASEAN and APEC, supporting regional economic integration and trade liberalisation. We help their secretariats to deliver their economic and social mandates.

¹ With an estimated population in 2009 of 591 million.



Australia's assistance to ASEAN and APEC members centres on assisting the region to:

- improve market access by:
 - enhancing the negotiation skills of developing countries so they can better enter into international and regional trade agreements
 - helping developing countries to implement trade agreements and comply with international standards around food and health safety
 - helping developing countries to deal with onerous export procedures and red tape
- making the economies of developing countries more competitive so they can take advantage of regional and global trade by:
 - investing in trade-related infrastructure
 - investing in developing people
 - facilitating investment and private sector development
 - ensuring that trade contributes to development outcomes including poverty reduction, environmental sustainability, gender equality and more equitable development between rural and urban areas.

Transboundary issues

AusAID works with ASEAN and other multilateral organisations operating in the region on current and emerging transboundary challenges, particularly in health, emerging infectious diseases (EIDs), people trafficking and child and labour exploitation. For example, we work with the United Nations Office on Drugs and Crime (UNODC) on the growing and widespread use of methamphetamine. AusAID provided a \$1.5 million contribution to the office in 2009, and worked closely with it to develop a new program for East Asia and the Pacific, covering the UNODC's full mandate (including human trafficking).

We also support initiatives that enable developing countries to address EIDs like bird flu. This includes improving the planning, prevention, detection, surveillance, emergency preparedness and response capabilities of developing countries in the region. We also work to support the systems for animal and human health of developing countries in East Asia.

The vast majority of trafficking victims in the region are used for forced labour or sexual exploitation, and the majority of identified victims are women and girls. However, there is increasing evidence of men being trafficked, for example in the fishing industry. The recent global economic crisis exposed vulnerable communities to the risk of trafficking and labour exploitation. Vulnerable communities are migrating within Asia at an increasing rate. Labour demand among Lower Mekong Basin countries and an oversupply of labour in the north are resulting in significant migration of vulnerable poor who are searching for improved



employment prospects. This is leaving them exposed to unscrupulous recruiters and employers.

Donors and whole-of-government

In implementing the East Asia regional program, AusAID works with many development partners on economic integration, particularly in the Greater Mekong subregion. Development partners include Canada, New Zealand, the United States, Japan, the European Union, United Nations (UN) agencies, the World Bank and the Asian Development Bank.



We also work with other Australian government departments, including through the Public Sector Linkages Program (\$20 million since 2005), which promotes whole-of- government involvement and closer cooperation with public sector organisations in APEC and ASEAN developing member economies.

AusAID also works with the Department of Foreign Affairs and Trade on project reform within APEC. This is so that the projects funded by Australia and others are more effective and long lasting.




AusAID is on the Trafficking Inter-Departmental Committee working with other key Australian government departments, such as Attorney-General's and Foreign Affairs. We also collaborate with others as needed (for example, Office for Women and Education and Employment and Workplace Relations).

Progress towards objectives

Table 1: Ratings of the program's progress in 2009 towards the objectives

Objective	Rating in 2009
1. Strengthen capacities of key regional institutions to enhance economic integration and trade liberalisation	
2. Improved regional responses to transboundary development challenges	


Note:

-  The objective will be fully achieved within the timeframe of the strategy.
-  The objective will be partly achieved within the timeframe of the strategy.
-  The objective is unlikely to be achieved within the timeframe of the strategy.

Objective 1: Strengthen capacities of key regional institutions to enhance economic integration and trade liberalisation

The amber rating reflects that many activities are in their initial stages and so results are limited. For example, the major program—ASEAN Australia Development Cooperation Program Phase II—formally started on 1 July 2009 and the ASEAN – Australia – New Zealand Free Trade Area (AANZFTA) Agreement was under design during 2009.

Through the Asia regional program, we played a key role in supporting ASEAN and APEC to deliver on their mandates of closer regional economic integration. AusAID funded programs



are delivered through partner systems at both ASEAN and APEC secretariats in accordance with the Paris Declaration on Aid Effectiveness.

New arrangements between AusAID and ASEAN for joint management of the AADCP Phase II, which is active in the areas of service, investment, agriculture and corporate reform, started in July 2009. Key achievements included establishing a project management team and establishing effective programming systems. Already there are signs that this partnership will lead to positive results.

In 2009, Australia, New Zealand and ASEAN, supported by ASEC, developed the AANZFTA Economic Cooperation Support Program. A support unit within ASEC has been established to implement the AANZFTA economic cooperation work program (signed 1 January 2010).

The Public Sector Linkages Program improves whole-of-government responses to regional development issues. In 2009–10, it supported APEC and ASEAN developing member economies by funding 10 APEC activities in trade, quarantine and corruption and three ASEAN activities in food export certification, forestry management and trade policy modelling.

AusAID continued close working relationships with whole-of-government partners, particularly with Foreign Affairs and Trade, Treasury, and Education, Employment and Workplace Relations. Partners focused on the Free Trade Agreement Capacity Building Facility, the APEC Targeted Cooperation Facility and East Asia Summit whole-of-government activities. This work is benefiting regional developing countries in many areas—regional free trade agreements, trade finance, financial markets supervision and education.


Australia has provided \$12.8 million to the APEC Support Fund since 2005. The fund is used for projects that build the ability of developing member countries to operate in trade, human security and energy efficiency. Part of Australia's funding (\$5 million) is being used to tackle EIDs, including avian influenza.

Objective 2: Improved regional responses to transboundary development challenges

The amber rating largely reflects the difficulties in defining 'improved regional responses', including the lack of a performance assessment framework to support claims relating to progress.

While the response of regional partners to a wide range of transboundary threats is improving, monitoring and evaluation systems need to be improved to report on outcomes. Attributing results within sectors with multiple other donors also presents a challenge.

The HIV/AIDS Asia Regional Program (HAARP) helps countries in the Greater Mekong Subregion gain practical field-based experience in implementing evidence-based interventions to reduce HIV harm caused by injecting drug use. In working with governments and aligning activities with country national plans, HAARP has gained the credibility needed to urge national governments to support HIV prevention through harm reduction. HAARP has also succeeded in getting the public security and public health ministries in China, Laos and Cambodia to cooperate. In Vietnam, trilateral cooperation between the ministries of: public security; labour, invalids and social affairs; and, HIV/AIDS control—combined with civil society involvement and Dutch co-funding—is noteworthy.



Australia through the Asia Regional Trafficking in Persons (ARTIP) program continued to work with governments on policy development and practices promoting a criminal justice response to people trafficking. High-quality, well-regarded training and other capacity building measures have been delivered across all 10 ASEAN member states. A strong relationship with ASEAN has been developed with endorsement by ASEAN of

ARTIP- developed training materials and the development of the world first Handbook on International Legal Cooperation on Trafficking Cases. Although there have been few successful trafficking prosecutions in the region to date, awareness is improving, mechanisms are being put in place to improve bilateral and regional cooperation, anti-trafficking legislation has been enacted in a number of countries, and a more victim-centred approach is emerging. The World Vision Policy Recommendations on Trafficking in Persons (October 2009) noted that the ARTIP program is widely recognised as one of the most innovative and influential anti-trafficking initiatives in the Asia region and suggested it be used as a model for similar interventions in South Asia and the Pacific.

AusAID also partnered with the United States Agency for International Development to support anti-trafficking awareness-raising concerts (called MTV Exit) and other media activities in Vietnam and Indonesia.

The ASEAN Plus Three Emerging Infectious Diseases Program helped establish the foundation of a regional system for EID preparedness, prevention, surveillance and response. In 2009, AusAID reviewed activities funded under the \$100 million Pandemics and Emerging Infectious Diseases Initiative and started to develop a new Pandemics and Emerging

Infectious Diseases Strategy for 2010 and beyond. The review found that Australia, through its support to national governments, non-government organisations and regional and multilateral institutions, significantly improved the response to pandemics and EIDs in the region.

The Community-based Avian Influenza Risk Reduction Program for the Mekong Region—Phase 2² has improved the capacity of vulnerable communities across Burma, Cambodia, Laos, and Vietnam to prevent and respond to Highly Pathogenic Avian Influenza and other disease outbreaks.

The World Health Organization Asia Pacific Emerging Diseases Strategy is a valued partner for the Australian Government in addressing EIDs in Asia Pacific. The response to Influenza A virus subtype H1N1 (known as swine flu) demonstrated improvements in regional and country capacity to deal with an outbreak.

The South East Asia Foot and Mouth Disease Program—Phase III is globally recognised as a model of excellence in the regional control of foot and mouth disease, a priority livestock disease in Southeast Asia. Australia is the primary donor, contributing about \$6.5 million from 1997 to 2011 to the program. AusAID's 2009 quality at implementation process recommended re-analysing program activities against goals to determine how we could achieve even more impressive outcomes.

² CARE is the implementing partner.



Program quality

In 2009, AusAID conducted a thorough quality assessment of the Asia regional program, reporting on progress made and areas needing improvement. We will continue to review

which aspects of the program would benefit from greater monitoring and evaluation, especially with strategic application. Gender equality is being reviewed and the results will be used to make further improvements. The review also concluded that sustainability of new programs should be built into their design, with a sharper focus on multi-year project funding, particularly in APEC.

The Asia regional program will continue to look for ways to strengthen our quality processes.

Next steps

There remains a need to align key regional programs with bilateral programs.

In some cases, bilateral programs greatly enhanced project delivery and sustainability. The East Asia regional program will continue to assess the value of bilateral involvement.

Planning, implementation and monitoring in partner systems requires realistic resourcing and timeframes. It takes time to establish and staff partnerships with multilateral organisations, and time to develop programs and gain momentum. In light of this and the importance placed on our relationship with ASEAN, realistic timeframes for the implementation of programs are essential.

AusAID will continue to develop working relationships for ASEAN and APEC with multilateral organisations such as the Group of Twenty.

Harmonising our work with other donors in the region remains a major challenge, particularly in relation to coordinating different countries' work with ASEC. We do not want to cause stress on ASEC's capacity and systems, acknowledging that there are already a large numbers of donors engaging with it. Still, better collaboration among regional donors is needed.

In APEC we will move our development work away from single-year projects to multi-year projects believing that providing funds for single years is not the best way to achieve better aid outcomes.

AusAID will continue to deal with significant transboundary challenges in the region. These include the high use of methamphetamines, the spread of pandemics and people trafficking and labour exploitation. While the UNODC has reported a drop in opium poppy cultivation, the use and production of amphetamine-type stimulants continues to rise.

Human pandemics such as avian influenza continue to threaten the region with far-reaching economic and social consequences. AusAID will continue to work with ASEAN to prepare for, and be able to respond to, future pandemics. In doing so we will focus on the need for regional institutions to take greater ownership of programs.



Trafficking in people remains a major human security issue in the Asia region (exacerbated by the global economic crisis). AusAID's ARTIP project has been widely recognised for raising awareness and building the capacity of law enforcement officials, prosecutors and judges in East Asia to address people trafficking, and for increasing regional cooperation on the issue. The challenge now is to ensure that these achievements carry on. This requires institutionalising training, procedures and programs. It also means making evidence-based arrests, prosecuting traffickers and better treating victims in the judicial process. resulting in significant migration of vulnerable poor who are searching for improved employment prospects. This is leaving them exposed to unscrupulous recruiters and employers.