# **Malaysia and Thailand Reform Partnerships**

# **Mid-Term Review**

An evaluation of progress for the

Australian Department of Foreign Affairs and Trade

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## **Executive Summary**

### **Main findings**

* **The MTRP Program has already proved its worth as a unique** **platform** for cooperation on priority development issues for Australia’s Malaysia and Thailand missions
  + As a result, **MTRP enjoys very strong support** across all locations and levels in DFAT.
* There are **tangible, credible and impressive reform results** already being generatedin Thailand, both in education policy and support for the Office of Trade Competition Commission
  + **TAF and DFAT expect** that there will also be **good reform results in Malaysia,** but the **evidence-base** to confirm this judgement is **not yet strong.**
* Consideration of different experiences and rates of progress in Thailand and Malaysia can help **identify success factors that DFAT should build into the design of future programs** 
  + These include the ability to incorporate each other’s policies, procedures and priorities; an extended inception phase to build knowledge, trust and confidence; demonstrated organisational capability to generate results; and continuous communication.
* The **3-year time frame for the project was always too short,** given the need to develop relationships, build partnerships, develop diagnostic products and assemble reform coalitions
* And the **question of how to successfully exit from reform programs** likely to run for many years needs more explicit attention.
* There are examples of the program providing a **platform for Australia to engage directly on reform issues at key points**, including at HOM level
* However, to accommodate different Post perspectives, this was **not highlighted in the design** contributing to uncertainty about what was wanted and how it should be pursued.
* Until recently, **neither Objectives 2 or 3 were systematically** **monitored**
* **Program performance against Objective 3 in both countries has been less than desired**, in part, due to overly ambitious, but somewhat vague and under-funded expectations.
* Given its very small budget and prospective reform results, the **program is likely to deliver a high benefit to cost ratio**
  + **As long as reform progress is sustained** and sensitive issues continue to be well managed
  + Hence, it is **likely to be** **very good value for money** and exceed targets for efficiency and cost-effectiveness.
* **Management arrangements generally work well**, but there **is scope to tighten performance management** and strategy testing so that judgements are sharp, clear and agreed.
* There is currently **insufficient information and experience to assess the range and utility of other options** for development cooperation with Advanced Middle-Income Countries**.**

### **Key recommendations**

1. **DFAT and TAF should collaborate to distil existing good practice across programs and partners into a short guidance note** on ‘strategic approaches to working in Advanced Middle-Income Countries’, to be completed as part of the MTRP project

* This would serve as a guide **for officers arriving at Post** and those assuming management responsibilities in Canberra; and
* Could also be used to **extend thinking about what other complementary measures** would support Australia’s national interest objectives in AMICs.

1. **There should be an early, in-principle decision to extend the program by two years**, to make the most of what has been started and to avoid pre-mature winding down of activity

* This might involve different programmatic and funding solutions in Thailand and Malaysia.

1. **A revised budget – including departmental resources - should be prepared** for the extended activity that takes account of and supplements spending to date
   * **DFAT should also consider the pros and cons of building in a modest central contingency fund** that can be accessed under stringent conditions, where reforms are tracking well and there is the opportunity for substantial additional gains by extending what is being done.
2. When considering reform priorities, **explicit attention should be given to how TAF will accomplish initiative-specific, ‘technically sound, politically possible solutions’** 
   * TAF does not need to be expert in all fields, but particularly where it is not, it must **demonstrate that it can harness the skills of** **leading organisations and individuals**
   * Likewise, the **extent of other international assistance should be formally canvassed** and made visible at the outset to allow Australia to establish how to position vis-a-vis others
   * This is not intended as a reversion to traditional design, but rather to **test very thoroughly the logic of the theory of change**, both at the outset and as the program evolves.
3. **Partners need to explicitly think through exit options**, as most of the reform programs will continue over many years, in some cases decades and there is the risk of loose ends and fractured relations if initiatives end abruptly.
4. The **strategy testing process should be enhanced** to maximise interrogation of performance data, tighten outcomes, clarify strategies and expand management responses.
5. **The performance management system should be sharpened** in the following ways:
6. **The Monitoring and Evaluation Plan should be updated and integrated into management processes** to deliver progressively more specific objectives and strategies
7. Management processes should formally **extend monitoring, reporting and management responses to all three objectives,** not just reform progress, central as it is
8. **Traffic lights should be used to indicate progress against** each reform initiative & objective
9. Performance data should be summarised in a table showing **program performance on a page.**
10. **DFAT should determine how it wants to position in AMICs in the medium-longer term**
    * An **expanded, more proactive approach** is recommended, based on Australian national interests. This would require a policy decision and a commensurate resource commitment
    * A **detailed survey of ‘who is doing what’** is needed to help illuminate options
    * The **capability of alternative commercial, civil society and government organisations** to ‘think and work politically’ **needs to be tested** and should not be assumed.

| **Objectives** | **Traffic light indicator** | **Key evidence/analysis supporting performance judgement** | **Additional Comments** |
| --- | --- | --- | --- |
| **Objective 1: Reform progress** | **Rating amber: Satisfactory at this time** | * **Overall progress is strong in Thailand and somewhat delayed and less certain in Malaysia** | **COVID made program initiation much more difficult everywhere in 2020, especially in Malaysia.** |
| **Thai reform initiatives** | **Rating Green: Fully on Track** | * **The key Thai initiatives are well advanced and performing strongly** * **Counterpart feedback confirms DFAT assessment that the program has selected really critical areas and is adding considerable value** | **TAF has very strong internal capability in both reform areas. This is not essential, but is very helpful.** |
| 1. Education reform to improve Thailand’s long-term competitiveness | **Rating Green: fully on track** | * **Major ‘instructional leadership’ report produced, launched and well-received** * **Key actors coming to TAF and DFAT with ideas, including a new initiative to improve digital education, confirming enhanced partner profile** * **Prime time TV spots catalysed and supported, encouraging national debate** * **HOM and Embassy have carefully chosen diplomatic intervention points** | **Program work appears genuinely ground breaking. If momentum continues it will open up a very big reform agenda. Challenge is how the agenda may be pushed forward, long-term.** |
| 1. Increasing market competition through support for the Office of Trade Competition Commission | **Rating Green: fully on track** | * **Very close tripartite working relationship with OTCC Vice Chair/Commissioner** * **Highly valued ACCC, peer-to-peer relationship** * **Hands on, issue-specific coaching and case studies applauded by counterparts** * **Critical technical assistance provided for preparing competition index** | **Considerable number of other actors also assisting OTCC requires more explicit program positioning. Australia is well placed, partly for historical reasons, but what next?** |
| 1. Expand access to high-skilled labour | **Rating Amber: satisfactory at this time** | * **Niche proposal that could facilitate access to skilled international labour** * **COVID has strengthened the economic case, but undermined the political case** | **Sensible decision to put on back burner for now.** |
| **Malaysian reform initiatives** | **Rating Red Circle with white centre: Inadequate evidence, looking off track** | * **Only one initiative is relatively well advanced** * **Limited prior experience working together helps explain slower start** * **Initial differences in views between desk and Post also had to be reconciled** * **Communication between all parties on key deliverables was problematic** | **Change of government required considerable agility/adaptability.**  **DFAT/TAF extra oversight and support needed while no TAF CR.** |
| 1. Retaining high skilled women in the workforce | **Rating Green Circle with white centre: inadequate evidence, looking hopeful** | * **Solid early country case study work positioned MTRP well despite no AMIC examples** * **Local partner appears well credentialled and capable** * **Smart pivot to state governments after national change but ongoing links with both** * **Major policy document due for release in April 2021. Reception will be critical** | **The imminent draft policy statement has the potential to turn this indicator solid green if strongly endorsed.** |
| 1. Supporting the growth and improvement of Malaysia’s Technical Vocational Education and Training system | **Rating Red Circle with white centre: inadequate evidence, looking off track** | * **Relatively new initiative trying to make up lost ground** * **Initial theory of change was disproved, illustrating there was much to learn, but also that program can be quick to do so** * **Still hard to see exactly what TAF can achieve in complex, crowded, demanding field** * **Pros & cons of strategy working with 2-3 institutions yet to be fully tested** * **Major diagnostic report scheduled for delivery in April 2021** | **The major diagnostic report about to be produced might see the indicator turn amber.**  **Plans to harness Australian TVET expertise may provide a strategic missing link in next period.** |
| **Objective 2: Strengthened bilateral relations** | **Rating Amber: satisfactory at this point in time** | * **Major gains can only be expected towards the end of the program** * **At DFAT’s urging, management of this objective has become more proactive, likewise monitoring will need to become ongoing and built-in to management processes** * **Both Thai initiatives are already delivering diplomatic opportunities & gains** | **Australia’s reputation may be enhanced in reform areas, but this may not translate easily or quickly into cabinet kudos.** |
| **Objective 3: Foundational research & analysis** | **Rating Red: progress less than expected** | * **Malaysian sector studies were abandoned as DFAT judged they neither positioned the program within the development landscape, nor met a more limited brief to inform initiative strategy** * **In Thailand too, the program has struggled to deliver what was wanted, with major pieces of work going through multiple revisions and delivery repeatedly postponed** | **DFAT did not articulate clearly and consistently what it wanted & the resources were not available to deliver it. Opportunities to improve outcomes still remain.** |

**Legend Green Circle Fully on track Amber Circle Satisfactory at this point in time Red Circle Progress less than expected Red Circle with white centre Inadequate evidence, looking off track Green Circle with white centre Inadequate evidence, looking hopeful**

# **MTRP Mid Term Evaluation – Main Report**

## **Introduction**

The Malaysia and Thailand Reform Partnerships program (MTRP) is a $2.7m, three-year, flexible, adaptive program funded by the Australian Department of Foreign Affairs and Trade (DFAT). It aims to support progress on reforms that are critical to achieving growth, stability and development in Malaysia and Thailand and in the process, strengthen Australia’s reputation as a pragmatic and resourceful partner. The program is delivered in partnership with The Asia Foundation (TAF) and local counterparts. (A detailed program description is included in the Terms of Refence for this evaluation, at Attachment A).

MTRP facilitates small-scale, high-impact cooperation in shared priority areas. Resource transfers play no part in the program and it is organised quite differently from conventional aid activities, that are typically based on technical designs, with predetermined, pre-scheduled deliverables. Instead, the MTRP program uses a “thinking and working politically”[[1]](#endnote-1) approach to ‘unpack’ the political economy of major reform challenges to find new pathways forward and new coalitions in support of reform. The program uses a series of tailor-made management arrangements that are explored in the report to monitor progress, manage issues and problems and attempt to deliver high-level outcomes without deciding in advance the best way of doing so.

## **Background and context**

In 2006, the World Bank coined the term ‘The Middle-Income Trap’[[2]](#endnote-2) to highlight the difficulty many developing countries have in maintaining high growth rates once early gains have run their course. Sustaining the transition from higher productivity agriculture and simple, labour-intensive manufacturing to move up the value chain has proved very difficult. Only a handful of countries globally have been able to continue their development to achieve advanced country status. There are strong mutual benefits especially for Australia, given its location in East Asia, in working with countries experiencing slowdowns in growth, but in the absence of aid instruments, there are limited opportunities and mechanisms.

Australian bilateral aid to Malaysia was phased out in 1992, while Australia began to phase out bilateral assistance at Thailand’s request in 2004-05.[[3]](#endnote-3) While both remain technically eligible for ODA under OECD rules (Malaysia only just) traditional aid was seen by all parties as no longer providing an appropriate way to organise cooperation even a generation ago. However, as the Overseas Development Institute (ODI) has noted, the graduation of successful countries from ODA programs is typically sudden and absolute with very limited subsequent co-operation on development issues, despite the challenges such countries face becoming particularly demanding.[[4]](#endnote-4) The MTRP program is one response to that conundrum.

The MTRP program is anchored in substantial work done by TAF on what it has designated ‘Advanced Middle-Income Countries’ (AMICs).[[5]](#endnote-5) The DFAT anchor points are less visible. In conversation, DFAT officers articulated a sharp, clear vision of what they are trying to achieve and why. Their principal focus was on Australia’s national interest in Malaysia and Thailand - helping loosen binding constraints, allowing them to grow faster, become stronger, and be better placed to build mutually beneficial partnerships with Australia and others. Drawing on its own and international experience, DFAT should prepare a short strategy setting out goals and approaches for its AMIC work, to ensure consistency in light of frequent staff movements.

## **Evaluation methodology and limitations**

This Mid Term Evaluation is designed as a quick assessment of progress to date, particularly with a view to maximising outcomes by the end of the program’s life. The Evaluation Plan is at Attachment B. The plan relies on a) consultations with around 30 people, especially DFAT and TAF officers, contracted experts and counterparts (consultees listed at Attachment C); b) observation of strategy testing and Joint Working Group meetings; and c) a review of relevant documents (see Attachment A). An assessment of performance against program outcomes and evaluation questions provides the central structure of the report.

The Mid-Term Evaluation was a short-duration exercise of ten days in total. It was judged to be too early to speak with most counterparts, limiting external evidence essential to triangulate conclusions and assess the program’s contribution to Australia’s reputation and bilateral relations. In addition, in Malaysia’s case, the program got off to a slower start and consequently there is less hard evidence on which to base conclusions. The evidence base is expected to be much stronger during the end of program evaluation to be conducted mid 2022.

## **Unique MTRP features – and risks: The challenge of shifting goal posts**

MTRP does not work on an inputs/outputs model. It is an exploratory program where DFAT is hoping to buy better outcomes than it could through a more conventional approach. The trade-off is that it can’t be sure exactly what these will be at the outset. This is a pro-innovation, pro-entrepreneurial approach, but carries risks that must be explicitly managed. For the evaluation, assessment of the program is complicated by the fact that the outcomes being sought are themselves in flux. What then constitutes success?

Achieving ‘meaningful progress’ on priority reforms is the keystone of the program, but involves creative ambiguity that requires sharpening the focus over time. Both intermediate and ultimate outcomes need to be progressively tightened so that there is growing confidence that they are both achievable and represent good value for money. TAF has evolved a common-sense approach to this. It sets out its program logic at the beginning and regularly tests it, making continuous adaptive changes that are transparent and agreed. This ‘strategy testing’ process ought to share the risks and the decision making[[6]](#endnote-6). At the end, whether there is success or failure, partners should have established a ‘block-chain’ style ledger of what was done and why. Strategy testing allows for progressively greater clarity about what will be delivered. It is a sound platform for managing these issues successfully, but much swings on its rigor.

The evaluation has benchmarked initiatives against their current objectives, but sees the need for more rigorous retesting of objectives and outcomes as part of the strategy testing process. Currently there is considerable disparity in the level of ambition set for different initiatives that is not clearly related to contextual factors. Goals range from the modest objective of developing a new policy in one area, through ‘catalysing reforms and new forms of cooperation’ in another, to the very ambitious goal of firmly establishing a new institution in a highly contested space within two years. Intermediate outcomes are also highly variable, with many being indistinct, procedural outputs. At the program’s half way point, the evaluation would have expected somewhat tighter definition of outcomes, with levels of ambition more clearly related to underlying analysis. This is achievable if the strategy testing process is further strengthened and applied thoroughly by all parties. Some proposals are set out on page 8.

## **Evaluation Question 1: To what extent is the program achieving its objectives?**

### Objective 1: Australia’s contributions support meaningful progress on reforms in Malaysia and Thailand that are critical for maintaining inclusive growth and stability

### **Overall reform progress**

The attention given to Objective 1 in this report reflects its weight as the most important of MTRP’s 3 objectives, in its own right and to underpin reputational gains (Objective 2). Each reform initiative is briefly surveyed and assessed. Indicators of success are provided overall, but also by country and initiative. What emerges is a tale of two programs, with unambiguous success in Thailand and, as yet, less in Malaysia. The possibility of success remains in Malaysia, but requires stronger progress in the second half of the program.

**Overall rating** Rating Amber: satisfactory at this time

### **Thailand**

**Overall reform progress**

Reform progress has been strong to date, but exactly what will endure is not yet clear. TAF’s organisational assets in Bangkok and long history of working with DFAT are critical to its success. The TAF Country Representative (CR) is well known to DFAT and has worked for the department and also for TAF HQ. There was considerable praise for his abilities and a large degree of trust as a result. The office also has strong in-house expertise in the areas selected for initiatives, boosted by the regional roles the office plays. The team was described as ‘very strong’. A pre-MTRP, one-year Middle Income Country Initiative gave Bangkok a head start. In short, all of the stars aligned in Thailand.

**Relevance of reforms to DFAT’s mission and goals**

*“All activities are on point. They couldn’t be more relevant.”*  ***Senior DFAT Posted Officer***

*“We were there at the start, fully involved in selecting the right activities. The areas have stacked up very well.”* ***Senior DFAT Posted Officer***

1. **Education reform to improve Thailand’s long-term competitiveness**

**Initiative progress**

DFAT’s previous work in education under the Middle-Income Country Initiative and a highly credible, experienced education team leader, have positioned MTRP well to identify unaddressed issues preventing decentralisation policy from working effectively. Deep political-economy insights at a systems level have led to ground breaking diagnostic work that explains the failure of previous reforms. Research has shown that principals in areas outside Bangkok are over-burdened, underfunded and bureaucratically managed, leaving them few opportunities for ‘instructional leadership’.[[7]](#endnote-7)

A major diagnostic report – *The challenges in delivering quality education in Thailand: Rules, Resources and Leadership* – was launched in February 2021, in an event attended by 5 secretaries of departments, amongst 40 leading educators, illustrating high levels of senior interest and the dividends of a constructive “hand-in-hand” approach that has been years in the making. Major stakeholders such as the Office of Basic Education (OBEC) and the Bangkok Metropolitan Administration (BMA) welcomed the report and committed to at least some of its recommendations.[[8]](#endnote-8)

Policy-based dialogue is being used to build coalitions in support of greater school autonomy and to identify the means of achieving it. MCOT TV network is working with TAF to highlight education issues in a monthly prime-time discussion program. At OBEC’s request, a separate, small initiative was commenced to assist the upgrading of Thailand’s fragmented capability for digital education. BMA reported considerable student and teacher enthusiasm for the digital program. It has demonstrated the usefulness of MTRP to respond to priority requests, but while an important means of keeping students engaged with education during COVID, TAF’s work on instructional leadership should remain the focus.

**Comments and assessments from stakeholders:**

*‘The team is doing a tremendous job, navigating complex issues.****’ DFAT posted officer***

*Dr Ekachai [Chairman of OBEC)] commented that the urge to develop instructional leadership in OBEC principals suggested by the Asia Foundation is in line with the [thinking of] the Office of the Teacher Civil Service and Educational Personnel Commission.* ***OBEC Press release***

*“Potentially we may be able to improve educational outcomes in many of Thailand’s 36,000 schools. That is a very big prize. Progress has been based on years of building credibility with Ministries, sometimes meeting with 40 people a day … Quality diagnostic work is also essential and there’s more we need to do”.*  ***TAF Education Lead***

*We’ve worked together from the beginning and our thinking aligns. Sometimes an external stakeholder can do things insiders can’t. They can be independent, they can point to global examples, and their views can carry a lot of weight. TAF has been very good to work with. It is our only external partner.*

***District Officer, Bangkok Metropolitan Administration***

**Overall rating**   Rating Green: fully on track

1. **Increasing market competition through support for the Office of Trade and Competition Commission (OTCC)**

The formation of the Office of Trade and Competition Commission (OTCC) in 2019 provided an opportunity to strengthen a new institutional actor with a Prime Ministerial remit to promote competition. DFAT and TAF moved quickly to leverage prior cooperation, contacts and the expertise of the Australian Competition and Consumer Commission. ACCC’s peer-to-peer partnership is highly valued in providing mentoring, capacity building and professional advice. The flexibility of ACCC in moving to virtual assistance in response to COVID minimised pandemic disruption and displayed Australian pragmatism. The program is also assisting in the development of a province-based index of competitiveness.

Despite evidence of success to date, OTCC faces many challenges and the goal of ‘firmly establishing OTCC as a credible regulator’ within two years is likely to be too ambitious. DFAT should explore options for additional support through other mechanisms and in collaboration with other partners.

Dialogue with the Commission Vice Chair highlighted the value OTCC accords the program and the long payoffs that can accrue to cooperation. The Commissioner is well known to Australia as a result of being a former Colombo Plan student and having previously collaborated with AIDAB (a previous incarnation of what became AusAID and subsequently DFAT). This shared history makes for a close relationship where the partners can communicate at the most senior levels, rapidly testing ideas and pursuing opportunities.

The importance of OTCC in creating greater competition and faster growth in Thailand is underlined by the extent of its cooperation with international organisations. While bilateral cooperation with Thailand is now relatively modest, OTCC is accessing support from a wide range of multilateral organisations including ASEAN, UNCTAD, OECD, multilateral development banks, the EU and others. None of this other support is visible in MTRP documents. The evaluation concludes that it should be, both to ensure that Australian assistance is well-targeted and also to respond to the challenge of a crowded and competitive landscape.

In this environment, it becomes even more important that Australian assistance does what others do not – either in what it targets, or how it does so. When pressed on this, OTCC staff acknowledged the different advantages of different partners and in MTRP’s case underlined the value of peer-to-peer cooperation with the Australian Competition and Consumer Affairs Commission. Examples were given of the Commission adapting rapidly to OTCCs needs and combining coaching with case studies and hands-on support. This partner-centred flexibility is a real asset. Two-way staff exchanges were nominated as an area for future cooperation and additional advice on cross border cartels.

**Comments and assessments from stakeholders:**

*“This is a positive story showing what you can do with a small amount of money, a just-in-time approach and a respected, influential implementing partner that can make compelling and persuasive arguments that resonate locally.”*  ***DFAT posted officer***

*“Progress has consistently been in line with our expectations”*  ***Senior DFAT Posted Officer***

*“Technical support was reinvented at the end of the cold war. We need new models now … I was surprised to discover this program. We were getting stuck. It arrived just in the nick of time. We still have lots to do to strengthen staff capacity, respond to market digitalisation and to develop a competition index. We’ll get there with the help of partners.* ***OTCC Commissioner***

**Overall rating**  Rating Green: fully on track

1. **Expand access to high skilled labour**

A third, stand-alone initiative was developed by TAF Thailand, aimed at giving the Kingdom access to expanded high-skilled labour by recognising and regularising the status of skilled workers already in the country who are either not in the labour force or who are not visible, including for tax purposes. There is a plausible case for the initiative, but it would benefit from enumeration of just how many skilled workers are involved and the quantum of benefit that might be delivered. It has recently been agreed that despite a promising start, in the absence of sufficient support from senior figures after the 2019 election, this matter should remain on the backburner. The program’s ability to move forward on things that are working well, depends in part on stepping back where they are not.

**Overall rating** Rating Amber: satisfactory at this time

### **Malaysia**

**Overall reform progress**

Reform progress in Malaysia has been slower than Thailand for several reasons, including the unanticipated change of government in 2020. COVID is another extraneous factor that was highly disruptive. It has slowed business everywhere, but it has hit start-ups lacking existing networks particularly hard. In addition, the TAF Country Representative accepted another position more than 6 months ago, with oversight now provided remotely from San Francisco.

The absence of an extensive history of DFAT and TAF working together in Malaysia required a confidence building phase. This was derailed by the DFAT Post and Canberra needing to resolve some funding and policy issues. A compromise resulted in 20% of program funds being set aside for the Post to deliver some activities directly. This affected the pace of mobilisation and the initial atmospherics of the partnership and in turn contributed to mismatched expectations and miscommunications, especially regarding analytical products. The question of what the office can reasonably be expected to take on is a live issue where opinions differ.

The TAF office in Kuala Lumpur is small and staff have to be very agile across a wide variety of specialist areas. It does not have the in-depth, in-house skills available to Bangkok and so the evaluation concludes that the same outputs cannot be expected of it. While TAF’s business model is based on working across multiple, externally-funded programs by recruiting expert consultants and working with effective local organisations, this in itself is influenced by internal resources. The evaluation judges that the KL office experiences dis-economies of scale and disadvantages of working in fields where it has little prior experience and pre-existing networks. That is not to say that such areas should be avoided, but rather that they may require greater investments, over a longer period to yield results.

On the DFAT side there was not a history of working on development issues in Malaysia and therefore a need to build up experience, especially in thinking through what practical measures would achieve Australian goals. As the former TAF CR observed, this is particularly challenging in an environment where national authorities are confident and well equipped with existing policy and research products. Likewise working with TAF on development was a new experience for DFAT and the ‘non-project’, partnership model no doubt took a bit of getting used to.

All-in-all, the evaluation concludes that a longer inception phase than was planned would have been appropriate in Malaysia, perhaps starting with just one initiative. The good news is that all DFAT officers interviewed judge that the various issues and problems that emerged have been rectified. In fact, the change of sentiment is remarkable. With the TVET initiative coming on stream and new staff in DFAT and TAF, there is the opportunity for a reset and greater progress in the second half of the program. The trick will be to ensure adequate oversight and support – particularly in the absence of a TAF Country Representative – without stifling initiative and morale in the office.

The upgrade of the Malaysia-Australia relationship to a Comprehensive Strategic Partnership will present additional opportunities for high-level bilateral dialogue that could secure buy-in from senior figures for cooperation on shared priorities. It may be difficult to match that opportunity with the modest resources available, even if they are supplemented. Post and TAF will need to manage the risk of a plethora of small initiatives, unable to achieve much. Partners will need to stay focussed on the highest priorities.

**Overall rating** Rating Red Circle with white centre: Inadequate evidence, looking off track

**Reform initiatives**

1. **Retaining high-skilled women in the Malaysian workforce**

**Relevance for DFAT’s mission and goals**

*“The initiative has massive potential. It was a smart strategy to pivot to the state level following the national change of government.”*  ***DFAT Posted Officer***

*“This is the right activity, in the right place, at the right time.”* ***Senior DFAT Posted Officer***

All partners confirmed the importance of finding ways to allow highly skilled and educated women to stay in or return to the labour market after having children. This would give Malaysia access to the considerable skills of several hundred thousand women, offsetting major national skill shortages.

**Initiative progress**

There are encouraging signs of ‘meaningful progress’, including the development of a policy paper for the national and state governments and alliances with decision makers who have an appetite to undertake

reforms. However, the evaluation was unable to corroborate the extent of reform progress as the policy paper has not yet been finalised. The real test will be the willingness of decision makers to implement it.

An earlier piece of research on country case studies covering Japan, Sweden, Singapore, France and the UK was well conducted and useful, but might have benefitted from the inclusion of countries at a similar level of development to Malaysia, even though such examples reportedly highlight problems, more than solutions. It would also have been useful for the case studies to have included Australia, as a regional country which has an extensive high-quality system in place and also as a means of advancing bilateral knowledge and relations. The report acknowledged TAF’s involvement, but not Australia’s, due to uncertainty about the visibility Australia sought, again highlighting communication issues. TAF reports more consistent efforts are now being applied to lift Australia’s profile.

While DFAT has reported a pick-up in momentum and satisfaction with progress, the evaluation cannot independently validate those judgements including because it was judged it too early to talk with counterparts, resulting in a lack of third-party validation. As two senior DFAT staff members separately said, using almost identical words, “we just haven’t got the results yet”. Others pointed optimistically to ‘the opportunity to get things back on track’. The available evidence suggests the activity may well be on track, but that evidence is insufficient to be fully confident. Consequently, progress is depicted by a green bordered circle, indicating an expectation that when the policy paper is published that it will confirm progress.

**Overall rating** **Rating Green Circle with white centre: inadequate evidence, looking hopeful**

1. **Supporting the growth and improvement of Malaysia’s Technical and Vocational Education and Training (TVET)**

**Relevance for DFAT’s mission and goals**

A national shortfall of a quarter of a million high-skilled, technical and vocational workers is a critical constraint holding back Malaysia’s growth. The clear link to national economic performance is agreed by all. Notwithstanding this, several DFAT and TAF senior staff pointed to the complex web of actors and interests and some wondered just how well the partnership was placed in this field. This is a very valid question for each and every initiative. Thinking and working politically requires every initiative to have a plausible pathway for achieving reforms that are ‘technically sound and politically feasible’. The strategy testing process should assess this and in doing so test TAF and DFAT’s ability to navigate the space in question. The evaluator did not see as much evidence of this during the strategy testing process as expected. While the desire to tackle TVET reforms is understandable, it is less clear that the pre-requisites for success are in place.

**Reform progress**

The TVET initiative did not formally commence until 2021, meaning that it will only have about 18 months to produce results. In the mid-term it aspires to clarify the problems and constraints, bring stakeholders together around achievable reforms and illuminate ways in which Australia and Malaysia may undertake more extensive cooperation in the sector. These should be achievable goals. Whether the ultimate outcome of catalysing reforms that lead to a significant reduction in the skills gap can be achieved is a moot point. It seems very ambitious from here. The strategy of working with 2-4 TVET centres will no doubt deepen understanding of the sector, but if, as suggested, the key problems in attracting students are cultural and national, it is not clear that centre-based efforts will be able to counteract this. The evaluation concludes that the logic may hold up, but needs more intense testing.

As in the case of retaining high skilled women in the workforce, a major report is about to be produced providing stronger evidence on how far the program has progressed. In the absence of that report, the evaluation is unable to determine performance with confidence. Given the initiative was very delayed and the original theory of change incorrectly assumed systems problems were primarily on the supply side, there is considerable ground to make up. At this stage a red-bordered empty circle signals a lack of evidence that progress is on track. The forthcoming diagnostic study may change this assessment.

**Overall rating** Rating Red Circle with white centre: inadequate evidence, looking off track

## **Objective 2: Australia’s bilateral relationships with Malaysia and Thailand are strengthened by reinforcing Australia’s track record as a pragmatic and resourceful partner**

The reputational benefits of the program are likely to build up slowly and are dependent on progressing reforms. The evaluator was struck by DFAT officers recognising this and having a long-term and sophisticated view of ‘influence through impact’. Officers were very alert to the need to tread carefully, ensure that local actors are seen as driving and owning reforms and position Australia as a country that wants to help, but not to impose.

Objective 2 is clearly subsidiary to - and dependent on - progress against Objective 1. That said, potential diplomatic gains need to be realised, rather than regarded just as by-products of reform efforts. The Program provides a platform for diplomats to engage on reform issues, either directly as program opportunities allow, or by developing complementary lines of dialogue. By engaging closely with TAF, DFAT Posts can make informed choices about when to attend meetings, when to underline support, and when to take a back seat. This more proactive approach is behind DFAT’s September 2020 request to TAF that it develop ideas and options on achieving Objective 2 so that opportunities are thoughtfully developed and considered.

Subsequently, in February 2021, the Joint Working Group endorsed an approach consisting of 3 strategies: 1) Find appropriate ways to draw attention to Australia as the program funder; 2) Use Australian examples and expertise where relevant; and 3) Facilitate Posts engaging separately where prudent and productive, especially where interventions can accelerate program reforms.

Effectively this strategy has already been deployed in Thailand. The HOM has been directly involved in senior outreach to OTCC, has been interviewed on education issues and policy and is considering hosting a seminar with Thai education leaders. The ACCC has also played a critical role in assisting OTCC and in doing so has reinforced Australian competency in the fields of competition policy and consumer protection. In Malaysia, there are plans to make greater use of Australia’s child care and TVET experience. The evaluation concludes that these measures should be tracked and reported systematically as part of management processes.

A senior DFAT officer in Bangkok reported to the Joint Working Group that he was ‘much less concerned now’ about issues of profile. He noted that as activities matured the Post role would become more prominent. Given that there were concerns about this objective, that have since been allayed, but that performance evidence won’t be fully visible until the end of program evaluation its current status is assessed as amber.

The evaluator notes that the Australian government highly values direct feedback on its assistance during senior meetings. While Posts can endeavour to encourage such feedback, both sides need to be careful of getting caught in an old-fashioned, ‘gratitude trap’. If Australian assistance is well-targeted and effective it will deliver direct national interest benefits. Sometimes Australia can hope and expect that the issues will be sufficiently important and front of mind for Ministers that they will be eager to convey their enthusiasm for our cooperation, but that will not always be the case and pushing for it can be counter-productive, especially if we are stressing mature, post-aid relations that are mutually beneficial.

At the program’s conclusion it will be particularly important to test with counterparts how their views of Australia have been influenced by it. While it is tempting to want to go beyond counterparts, to assess whether program successes have been communicated more widely, it is hard to envisage a reliable methodology given the limited scale of the program. No-one should expect the MTRP program, in and of itself, to change relations between the countries concerned, but it might be a stepping stone to other actions that over many years could help to do so.

**Overall rating Rating Amber: satisfactory at this time**

## **Objective 3: Strategic analysis provides a foundation for long-term bilateral cooperation to advance critical reforms in the mutual benefit of Australia and Malaysia/Thailand**

According to the full articulation of Objective 3 incorporated in the MTRP M&E Plan, strategic analysis was to inform Post thinking and programs in the longer term, but also to “provide the basis for choice of the most critical reform initiatives”. TAF contends that this second component was not initially a principal purpose.

It is agreed that at the outset the clear emphasis was on producing a ‘diagnostic of constraints to future growth and stability’[[9]](#endnote-9) with a long-term, big-picture focus. In neither the original proposal, nor the design document, for example, did activity selection appear as part of the headline objective. That said, the original TAF proposal stated that, “An important output of the report will be identification of core issue areas where … the limited support that the Post might be able to offer could make a meaningful difference.”[[10]](#endnote-10) It continued that “the primary audience for this diagnostic will be the Post, to identify possible options for future engagement on reform.”[[11]](#endnote-11) One reading of this is that the intent was solely to inform longer-term thinking and broad future engagement, rather than inform selection of MTRP activities. The two, of course, are not mutually exclusive, which might help explain the broad language which allows for both immediate contributions to the MTRP program and also to longer term positioning. The problem is that it also allows for different readings that need to be revealed and reconciled especially as the program alters over time.

Pursuit of the objective played out differently in Thailand and Malaysia. Prior collaboration in Thailand provided a firm basis for areas of focus and TAF-Post agreement on activity selection. This allowed the diagnostic work to be more long-term and strategic. In Malaysia’s case, the ‘sector study’ work was configured to make a more immediate and practical contribution to activity definition. Given these deliberate differences, a singular and precise rendering of the objective is perhaps inadvisable. The evaluation suggests a return to the original language for the objective that neither requires, nor precludes, the strategic research contributing to activity selection.

Assessed in this way, progress to date has been uneven. In Thailand’s case, TAF understood the strategic intent of what DFAT wanted, but has struggled to produce it, with a comprehensive diagnostic report needing to be separated into different products and go through multiple rounds of refinement that were not originally envisaged. The product is reportedly nearing completion. It may play a useful role in looking at Thailand’s development trajectory, post-Covid and open-up new opportunities for policy dialogue. While currently performance is rated red, the original objective may be fully realised by the end of the program.

In retrospect, the evaluation wonders whether for such a small, short program, the strategic element of the objective was too ambitious. Done properly, to provide the sort of wide and deep intellectual base envisaged in Thailand, the diagnostic work would have required several months work by a team of excellent analysts with deep understanding at the country level and an appreciation of Australian policies and interests. These requirements were not clearly specified or resourced. A more pragmatic approach might have been to produce shorter, strategic assessments, using existing, secondary sources. This was DFAT’s intended approach in Malaysia.

DFAT expected wide and deep surveying of the areas already identified as prospective for MTRP initiatives in Malaysia. TAF KL on the other hand judged that that there was no shortage of diagnostic products and that they needed to move forward quickly to scope particular initiatives. It is not clear why such different expectations persisted, but it does point to communication issues, particularly on the ground. The mismatch ultimately led to DFAT pausing the ‘sector studies’ while flagging a possible return to diagnostic work in future. As DFAT’s original intent has not been - and will not be realised - the assessment is red. However, other work has continued to try to provide a sound foundation for the initiatives. A major child care country case study has already been produced and an in-depth study of the TVET sector is about to be produced. These and other materials may improve performance against this objective by the end of the program.

Overall program performance is currently red. It is unlikely to become green by the end of the program, but if pipeline products are high quality and useful for broader purposes, an amber rating may be achievable.

**Overall rating** Rating Red: Progress less than expected

## **Evaluation Question 2: How effective are management arrangements?**

There is a relatively high degree of satisfaction with management arrangements, both with the formal strategy testing process and also with ongoing communication, at least in recent times. Twice annually, ‘Progress Updates’ are prepared as key reference documents for deliberations. Several staff noted that the reports and ensuing discussion are frank and informative. The evaluation broadly agrees, but sees scope to sharpen the process to more tightly define outcomes, interrogate program performance more thoroughly and retest initiative strategies, with a dose of deliberate scepticism.

Strategy testing and Joint Working Group meetings are relatively short and involve many participants. The risk is that the time is consumed by rehearsing what ought to be known, followed by quick comments, rather than a laser-like focus on the adequacy of performance and what measures might improve it. To facilitate this, the performance reporting should make the judgements clearer and the meetings should be rebalanced to allow the judgements to be contested and management responses plotted in more detail. Specifically, written reporting might become less discursive and more judgmental through the following changes:

1. Updating and use of the existing Monitoring and Evaluation plan to deepen outcome refinement;
2. Canvassing all 3 objectives in Performance Reports, not just the reform initiatives, central as they are;
3. Using traffic lights to visually summarise progress and as a catalyst for discussion and debate; and
4. Incorporating the traffic lights and the 3-5 pieces of evidence which explain the judgements into a single table showing MTRP performance ‘progress on a page’. A prototype has been presented in this report.

Sharper reporting would allow strategy testing meetings to avoid presentations providing ‘updates of the updates’, creating more space for participants to debate progress and next steps. This might be facilitated by DFAT taking a more active role in co-chairing strategy testing meetings. DFAT might also reduce the number of participants and consider other ways of sending sharp, clear, consistent messages, for example, via a one-page, consolidated, program assessment that would complement the TAF produced six-monthly Progress Updates. The two would then be harmonised as part of the meeting deliberations and records.

Some DFAT officers in Malaysia raised the valid issue of whether for such a small program, twice yearly involvement of senior officers in country and in Canberra was essential. They thought that alternative means of keeping senior officers appraised of program performance might be equally effective and more efficient. Other officers thought that having a formal process, involving all partners delivered a laudable degree of managerial cohesion. If this were an established program, a lighter touch would be appropriate. At this point, as a pilot exercise, the evaluation concludes that the current arrangements are appropriate.

**Overall performance Rating Amber: satisfactory at this time**

## **How well are cross cutting issues being handled?**

All DFAT programs are required to consider ways they might advance gender equality, the interests of people with disabilities, respond to climate change and involve the private sector. TAF has observed that as a very small program relying on country ownership there are limits to what can be accomplished. That is true and DFAT needs to avoiding loading up the program with too many subsidiary objectives. However, diagnostic and policy development processes provide the appropriate opportunity to consider the relevance of these and broader distributional issues and determine whether they require specific responses that local authorities may or may not choose to embrace. It is not clear to the evaluator that this is currently occurring.

In terms of the investments themselves, the initiative to retain more women in the Malaysian workforce has a strong economic rationale, but is also of particular benefit to women trying to manage the double burden of domestic and paid work. As the reforms to the Thai education system and Malaysian TVET system progress the evaluation foresees additional opportunities for TAF to consider how outcomes may be improved for women, girls and people with disabilities. In both countries, the key reform initiatives are also market-friendly and pro-private sector growth, in accordance with Australian policy. Thus far, climate change has not emerged as an issue in its own right, or a relevant priority consideration to be incorporated into policy development. That is not in itself a failing, but it would be if, for example, a country wanted to cooperate on energy policy and there was no climate change analysis integrated into the policy.

**Overall performance Rating Amber: satisfactory at this time**

## **Evaluation Question 4: What would accelerate achievement of program goals?[[12]](#endnote-12)**

The evaluator sees 5 measures which might help accelerate progress in the second half of the program:

1. ***Extend the program timeframe***

The evaluation concludes that the three-year time frame for the program was always too short, given the need to build relationships, determine priorities, identify pathways, assemble coalitions and advance reforms enjoying sufficient support to have a good chance of success. The evaluation sees a risk of needing to scale back prematurely and/or getting near the program’s end date with a lot of loose ends that cannot be neatly tied up. In short, MTRP’s progress demonstrates that ‘the plane can fly’, but we do not yet know that it can land successfully. We need to increase the chances of it doing so, with passengers departing on schedule at desired locations, with options for onward journeys.

The evaluation judges that, independent of any decision about a successor program, or some entirely new program, the existing program would benefit from longer time horizons. In Thailand’s case, this could be accomplished by absorbing the program into new Mekong programs that are being developed. This might also allow for opportunities in future to take the approaches into other sub-regional AMICs. In Malaysia, a purpose-built solution might be required. A no-cost extension might be the easiest solution, though this might leave the program underfunded. As a policy-based partnership program, especially an evolutionary one, DFAT should also be cognisant of management demands. The activity requires ongoing Post engagement with TAF, program partners and counterparts. This delivers major value-added, but as several staff commented, it makes the program quite resource intensive to operate. This must be recognised in management resourcing and prioritisation decisions.

1. ***Modestly increase the budget and consider a contingency fund***

In an international development budget of over $4bn, MTRP is a very small program. Part of its claim to fame is that it may be able to produce impressive reform results at a very modest cost. The question that remains is what quantum of funding is optimal to allow the diagnostic work, the policy development processes, the coalition building required. To some extent, this is like asking ‘How long is a piece of string?’ And yet that question has to be asked - and answered. Some staff argued for the double the budget, others for no more. The evaluation argues for providing additional resources for an extended program on a pro-rata basis, net of any unplanned underspending, plus a small contingency fund.

The TAF Senior Adviser, Program Strategy (also de-facto, the TAF Program Director) is adamant that “nothing would kill the program more than too much money, directed at pre-determined targets”. To mix two metaphors, no doubt inadvisably, too much money risks killing the golden goose with kindness. It could lead to the replacement of entrepreneurial management with bureaucratic management and displace exploration with an urgent need to spend. By the same token, the activities that deliver the reforms all involve costs and the budget determines how much can be done. It is not clear to the evaluator that the existing budget represents a very delicate equilibrium that would inevitably be disturbed through conditional access to additional resources.

The TAF Program Director makes the point that a key feature of the program is the capability to ‘grow what works’ – and not force feed that which does not. That raises the possibility of creating a small, whole-of-program contingency fund that may or may not be spent, to increase support for those initiatives doing particularly well, that have well thought through proposals for additional work, that could not otherwise be funded from the program budget. This will be particularly important in light of the extra demands like to arise from the emergence of the Comprehensive Strategic Partnership between Australia and Malaysia.

1. ***Keep producing tangible, practical reform products that generate new ideas and options***

Each reform initiative has its own dynamics, its own history and its own pre-existing reference points. That said, since the purpose of the program is to tackle complex, difficult and demanding reforms that have often proved close to intractable, it is vital to find new approaches and then to show that they are feasible and desirable. This necessitates considerable intellectual work to ensure strong knowledge foundations, creative policy development and roadmaps for how changes may work in practice. Producing such products is insufficient to achieve the program’s objectives, but failure to produce substantive pieces of work may undermine dialogue and coalition building. The evaluation agrees that stand-alone, academic style reports are unlikely to be a good use of a small program looking to achieve tangible reform outcomes and should not be an end goal of the program. However, that should not preclude practical, problem-solving knowledge creation products, which are an indispensable part of what makes the program work.

1. ***Optimise support for TAF Malaysia***

In the absence of a country director, the TAF Malaysia office is run by two, senior, experienced program officers, with oversight and back up from TAF HQ. The office is small and has to cover a lot of territory. As noted, it did not have long and wide experience of dealing with DFAT, especially on development issues. While staff are highly competent and support from the Program Director in San Francisco has been invaluable, the team is stretched, especially in circumstances where some of its own partners are relatively new to it and there needs to be considerable engagement to ensure expectations are aligned. Without pre-empting the exact form of assistance, the evaluation suggests that DFAT and TAF look at how additional, practical support can be provided to the TAF Malaysia office, possibly in the form of a part-time seconded officer. Assistance would need to be capability enhancing, problem solving support, not additional oversight aimed only at pulling up the carrot more regularly to see if its growing.

1. ***Introduce the performance management reforms outlined in the previous section***

## **Evaluation Question 5: What are the broader lessons from the program for Australia in working with Advanced Middle-Income Countries in Asia?**

DFAT officers are well aware of the need to approach development differently in countries that have already made substantial progress, but that are now grappling with serious policy challenges. Aid money is not the principal tool being deployed, nor all of the modalities that go with it, for better and worse. The relationship is immediately more equal as a result. As a partner, Australia is very conscious of not imposing its own solutions, but working jointly to support local actors. To do so, it must access and support deeply knowledgeable and credible partners.

The problem is that the tools, techniques and modest financing that might underpin such cooperation are as yet relatively undeveloped. The Asia Foundation has one model whose success has been established in its own programs - especially the Philippines program, Coalitions for Change’.[[13]](#endnote-13) The usefulness of that model is broadly confirmed through MTRP progress to date. However, what is less clear is whether there are alternatives that are as good or better. In theory, it is not hard to think of a range of alternatives DFAT might explore, such as:

1. Running an in-house program and dealing directly with local partners, either by dedicating sufficient DFAT capability to the task, or contracting-in that capability
2. Forming a research and policy development partnership with local institutions such as universities or think tanks
3. Tendering to acquire the services of organisations with proven capability to ‘think and work politically’ on a country or regional basis
4. Going to the corporate sector for specific products, using local and international consultancy services to produce studies and reports
5. Pursuing a whole of government approach to identify a handful of major socio-economic issues across the region that key institutions would be resourced to work on with counterparts over a period of 5-10 years

There are pros and cons to each of these ideas which would need to be teased out and tested, if Australia decides to expand its work on development issues in advanced middle-income countries like Malaysia and Thailand. The evaluation recommends that it should. Within a decade the AMIC group may also include Indonesia and the Philippines in South East Asia, both of which are showing signs of becoming stuck in the middle-income trap. Vietnam may not be far behind. Additionally, Sri Lanka, Fiji and Mongolia – all of which are important to Australian interests – may join the category.

TAF’s 2019 report, *Transitioning from Aid to Partnership in AMICs*, argued the Australian national interest case for expanding cooperation with AMICs (as has this writer).[[14]](#endnote-14) In the intervening period, geo-strategic changes have significantly increased the saliency of those arguments. It would be timely for DFAT itself to present the policy case for such engagement, partly as a guide for staff and also to inform decision makers and the public. Based on work done to date, the evaluation concludes that Australia’s interests in supporting AMICs in South East Asia are sufficiently strong that it should also embark on a larger exploratory program, to test a variety of potential models for scale up. Prior to that, DFAT should articulate the capabilities required and assess who has them.

This evaluation has underlined several success factors for thinking and working politically:

1. Organisational interoperability – knowledge of and ability to harmonise with each-others’ policies, procedures and priorities
2. Access to deep expertise and networks of credible local organisations and individuals who not only know a lot, but are creative and good at building alliances.
3. Expertise in political-economy approaches that goes far beyond academic theorising or preparing compendia of commentary, to generate viable solutions and bring them into being
4. The flexibility and courage to change course and at times let things go in order to pursue the most prospective initiatives
5. Sufficient resources and time to work through complex issues, build networks and use them for problem solving.

It may be that multiple organisations are capable of thinking and working politically in the ways required, or very few. Is the universe teeming with life, or are we alone? Currently, we do not know. A better sense of existing capability, international experience and ability to produce results is required before replacing what is working with what might not.

As part of that exercise, it would be useful to reconsider the role of the TAF-DFAT partnership in creating the circumstances in which the MTRP program came into being. The evaluator theorises that ongoing TAF-DFAT institutional linkages, mutual trust and confidence have created a platform critical to MTRP’s success. This may not be easily replicated by moving to a more transactional approach to the development and implementation of new programs. This theory will be tested in the end of program evaluation, but separate to that, additional work will be required to consider optimal future arrangements for collaborating with AIMCs. DFAT should survey what is occurring on the ground, through government, commercial and civil society mechanisms, including what UN and other international organisations and non-OECD countries are doing. DFAT staff who had been posted to other regions raised Canadian education support to Mexico as worthy of close study. There must be many others.

A key constraint to adopting a more proactive, creative approach to AMICs to date has been funding, even though the resource needs would be modest. That said, no-one ever gives up funds voluntarily and so a strategic decision would need to be made by the DFAT Executive and the Minister that Australia allocate a very small percentage of overall development funding – ODA, or preferably not - specifically to cooperate with middle-income countries on pressing policy problems.

The evaluation judges that a 5 year, $50m program would be appropriate to give this agenda some serious momentum and a critical mass of expertise to advance it. This would be less than a quarter of one percent of Australia’s annual international development effort. Some would argue that this money would be better spent on poorer countries, but if development stalls in Southeast Asian middle-income countries, markets will stagnate for poorer countries, social cohesion and stability will be undermined and the globe will lose confidence in a growth model that has served it very well for decades.

## **Conclusion**

As a small pilot project, MTRP is hitting its stride, helping Malaysia and Thailand progress complex reforms that will help them achieve faster more sustainable growth and escape the middle-income trap. Given that it is barely 18 months since inception, the program has achieved credible, tangible results in Thai education reform and support for competition policy and in measures to retain skilled women workers in the Malaysian workforce.

Progress has been faster in Thailand, in part because of a longer history of TAF and DFAT working together, prior work TAF had undertaken on some of the areas chosen for MTRP initiatives and exceptional internal expertise and leadership. It is expected that now TAF Malaysia has more experience of working with DFAT it will be able to make faster progress, especially on the delayed TVET initiative.

It will only be when the program has run its course and initiatives have ended that its impact will be able to be assessed and the contribution it has made to raising Australia’s profile and reputation as a partner. More proactive measures will help realisation of the latter objective and are already visible in both countries.

Some relatively modest changes to program and performance management will help maximise results by tightening and more effectively using the strategy testing process. So too would an extension of the program time frame and supplementary funding to allow reform initiatives a longer life span. The evolutionary nature of the program requires it to be co-managed, which in turn involves intense ongoing communication, particularly at Post, to ensure everyone is in the same place. Partners have become more familiar with what is needed, but must continue to focus on this and ensure it is adequately resourced.

The bigger question of what exactly Australia should be doing – in its own interests as much as those of neighbouring countries - to promote development in the growing number of AIMC countries in East Asia remains to be tackled. The evaluation recommends that DFAT should continue to encourage a bigger focus on this question and should build the evidence base for more intensive engagement and how it might be funded. Additional work to clarify the most-valued and productive forms of cooperation would be helpful, including surveying ‘who is doing what’ as part of assessing future options.

**End notes**

1. The ‘thinking and working politically’ approach has been evolving for more than a decade and has been significantly influenced by Australia’s Governance for Growth Program in Vanuatu. The approach is based on critiques of large conventional aid programs that typically adopt highly engineered, technical approaches, that seek to define problems and solutions at the outset and contract for predefined deliverables. Such ‘projects’ often work well for infrastructure delivery, but less well for policy-based programs that must take account of how local actors and institutions perceive and pursue their interests. The approach not only involves recognising those interests but focussing on how to alter or realign at least some of them with the public interest. A global, Thinking and Working Politically Community of Practice was formed in 2013 that articulated three core principles of the approach: 1) Strong political analysis insight and understanding; 2) Detailed appreciation of and response to the national and local context; and 3) Flexibility and adaptability in program design and implementation. [↑](#endnote-ref-1)
2. *The middle-income trap turns ten (English).*Policy Research working paper; no. WPS 7403 Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/291521468179640202/The-middle-income-trap-turns-ten [↑](#endnote-ref-2)
3. https://www.dfat.gov.au/geo/thailand/Pages/thailand-country-brief [↑](#endnote-ref-3)
4. https://odi.org/en/publications/exit-from-aid-an-analysis-of-donor-experiences/ [↑](#endnote-ref-4)
5. Under the DFAT-TAF partnership two major pieces of work on AIMCs have been produced. Neither paper has been published

   1) Cole, W. (2017) *Advanced middle-income countries in Asia: challenges and opportunities ahead*, The Asia Foundation/DFAT Partnership; and

   2) Akmeemana, S. and Cole W. (2019) *Transitioning from Aid to Partnership in AMICs*, The Asia Foundation/DFAT Partnership; [↑](#endnote-ref-5)
6. Ladner, D. (2015) *Strategy Testing: An Innovative Approach to Monitoring Highly Flexible Aid* Programs, The Asia Foundation [↑](#endnote-ref-6)
7. Lao, R. (2021) *The challenges in delivering quality education in Thailand: Rules, Resources and Leadership.* The Asia Foundation laohttps://drive.google.com/file/d/1An427KB5Hd\_Ie2EQnk3zt-rkP4dTpz1e/view [↑](#endnote-ref-7)
8. *The Office of Basic Education Board admitted the lack of instructional leadership amongst school principals* (2021) OBEC Press Statement, February 19, 2021. Link: https://www.matichon.co.th/education/news\_2586691 [↑](#endnote-ref-8)
9. *Support for Australian Engagement in Malaysia and Thailand* (2019), The Asia Foundation, Submission to DFAT, page 4. [↑](#endnote-ref-9)
10. Ibid pages 4-5. [↑](#endnote-ref-10)
11. Ibid, page 5. [↑](#endnote-ref-11)
12. Evaluation Question 3 was an open-ended question about what is working and what is not. Responses have been subsumed into the answers to other evaluation questions. [↑](#endnote-ref-12)
13. *Coalitions for Change (2018),* The Asia Foundation. https://asiafoundation.org/publication/coalitions-for-change/ [↑](#endnote-ref-13)
14. Akmeemana, S. and Cole W. (2019) Op Cit. Moore R. (2020). *Rising risk & opportunity in South East Asia require reassessment & response.* Submission to DFAT Development Policy Review. [↑](#endnote-ref-14)