# 2016 INITIATIVE FOR ASEAN INTEGRATION WORK PLAN III

*Adopted in Vientiane, Lao PDR on 6 September 2016*

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# EXECUTIVE SUMMARY

The Initiative for ASEAN Integration (IAI), launched in 2000, helps ASEAN's newer Member States implement ASEAN commitments and agreements. Through special assistance to Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV countries), it aims to further regional integration in order to narrow the development gap within ASEAN.

IAI has so far seen the adoption of two work plans. Work Plan I, from 2002 to 2008, comprised 232 projects in four areas. Work Plan II began in 2009, and includes 182 actions aligned with the three ASEAN Community Blueprints 2015. However, while over 280 projects worth over US$40 million have been undertaken, the implementation rate for actions is less than 45%. One key challenge for Work Plan III therefore is to undertake a more strategic and focused effort in the development and implementation of the actions.

IAI Work Plan III has been developed in close collaboration with CLMV countries, other ASEAN Member States and stakeholders, and is aligned with the ASEAN Community Vision 2025 and the various sectoral work plans. To improve focus and lift implementation, five strategic areas have since been identified.

## A NEW STRATEGIC FRAMEWORK FOR IAI WORK PLAN III

In Work Plan III, the vision for IAI remains consistent: to assist CLMV countries to meet ASEAN-wide targets and commitments towards realising the goals of the ASEAN Community. In order to achieve this vision, the five strategic areas which have been identified are:

- Food and Agriculture. The populations of CLMV countries are primarily rural and dependent on agriculture, and rural poverty remains endemic. Given the low agricultural productivity, there are great opportunities to improve yields and competitiveness – though these improvements need to be sustainable. ASEAN is also working to increase trade in agriculture through harmonisation of standards and to improve food security in the region. Support to CLMV countries will help promote these objectives.

- Trade Facilitation. Simplification and harmonisation of trade procedures can significantly reduce trade costs, especially in CLMV countries where border and documentary compliance is often onerous. ASEAN Economic Community is strongly focussed on improving trade facilitation through various mechanisms, e.g. ASEAN Trade Repository and ASEAN Single Window, and CLMV countries need assistance to fully participate. Increasing the capacity of CLMV countries to understand WTO rules and processes and implement WTO agreements will also support regional integration.

- Micro, Small and Medium Enterprises (MSMEs). MSMEs play a critical role in the economies of all CLMV countries. However, the policy environment supporting MSMEs is still relatively weak, with opportunities for improvement in access to finance and new markets, business regulation and entrepreneurial education. Promotion of MSMEs is a strong ASEAN priority, with a range of regional initiatives in progress. CLMV countries will need additional support to implement these measures.

- Education. Developing human capital is a major challenge for CLMV countries, with skills gaps widening as economies evolve. While access to basic education has increased, there remain large numbers of out-of-school children and quality is largely unaddressed. In technical and vocational education and training (TVET) and higher education, ASEAN is promoting mutual recognition of qualifications standards. Support for English language instruction will also facilitate greater integration of CLMV countries in ASEAN.

- Health and Well-Being. While indicators of health in CLMV countries have improved significantly since 2000, there remain large gaps vis-à-vis other Member States. ASEAN is increasingly pursuing regional standards in areas such as maternal and child health, and food safety. CLMV countries will need special support to implement these standards. Health also has important regional dimensions – in areas such as emerging infectious and communicable diseases, for example, the success of integrated surveillance systems depends on building strong national capacities in all Member States.

### STRENGTHENING IMPLEMENTATION OF IAI

Effective and efficient implementation of Work Plan III depends on four dimensions that are important for delivery by governments:

- Clear governance and ownership. Successful implementation requires leadership and well-defined roles and responsibilities. A new governance structure for IAI will be implemented for Work Plan III, with CLMV focal points in each strategic area, and closer integration with existing sectoral bodies.

- Presence of core skills and finance. Effective implementation requires access to the right resources – people, skills and financing – for delivery. To better mobilise those resources, Work Plan III introduces a consistent project development and recognition process to replace the multiple systems under Work Plan II.

- Proactive stakeholder engagement. Proactive engagement with stakeholders supports the successful implementation of the initiative, and helps motivate complementary activity. To maintain momentum in engagement and implementation of Work Plan III, the existing mechanism for consultation between the IAI Task Force and Dialogue Partners and external parties will continue. In addition, stakeholders' forums will be organised to exchange information and encourage project commitments. CLMV focal points for each strategic area will also be encouraged to coordinate with relevant stakeholders who are active in the respective areas.

- Robust performance management. The effectiveness of implementation can only be measured through an impartial and rigorous performance-tracking system, which is regular, data-driven and fact-based. Project performance will be evaluated against planned inputs and targeted outputs. The ASEAN Secretariat will then consolidate this data, and produce semi-annual work plan implementation monitoring reports that the IAI Task Force can use to review progress. Overall outcomes will be assessed periodically.

# CHAPTER 1. INTRODUCTION

## 1.1. THE INITIATIVE FOR ASEAN INTEGRATION

1. Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV countries) are the most recent ASEAN Member States, joining during the 1990s. While all have experienced rapid growth over the past decade, CLMV countries still have the lowest incomes among Member States. During the same period, the scale and complexity of ASEAN commitments and agreements have grown substantially, as regional integration gathers pace.

2. Given their levels of development, CLMV countries face capacity constraints in successfully implementing ASEAN commitments. The Initiative for ASEAN Integration (IAI) is a policy framework which provides special support and technical assistance to CLMV countries to enhance their capacity in implementing these commitments. This assistance is principally provided by the other ASEAN Member States, and ASEAN's Dialogue Partners. Through facilitating stronger ASEAN participation by CLMV countries, IAI seeks to ensure the benefits of ASEAN integration are equitably shared and aims to contribute to narrowing the development gap (Exhibit 1).

**EXHIBIT 1**



IAI supports CLMV countries in implementing ASEAN Community commitments in order to narrow the development gap

3. The ASEAN Heads of State/Government launched the IAI at the ASEAN Informal Summit in 2000. To date, this has included two Work Plans:

- IAI Work Plan I. This six-year Plan (2002-2008) comprised 232 projects (in four areas: infrastructure, human resource development, information and communications technology, and regional economic integration).

- IAI Work Plan II. The second Work Plan began in 2009 and continues until the commencement of Work Plan III, and is aligned with the three ASEAN Community Blueprints, namely the ASEAN Economic Community (AEC), the ASEAN Socio- Cultural Community (ASCC), and the ASEAN Political-Security Community (APSC).[1] It comprises 182 actions, of which 19 are studies, 78 are policy and implementation support, and 85 are training programmes and capacity support. The projects that have been completed or are in the process of implementation currently only address 78 (or 42.8%) of the 182 actions.[2]

## 1.2. STRUCTURE OF WORK PLAN III

4.  IAI Work Plan III is composed of two parts (Exhibit 2):

    a)  The strategic framework for IAI Work Plan III outlines the IAI agenda for the next five years (2016-2020). It contains the vision for IAI, priority strategic areas and objectives, and specific actions within each strategic area, and is described in Chapter 2.

    b)  The plan for the implementation of the strategic framework is explained in Chapter 3, including implementation schedule, mechanisms, and monitoring and evaluation.

EXHIBIT 2



IAI Work Plan III is comprised of the strategic framework – vision, strategic areas, objectives and actions – and the implementation plan

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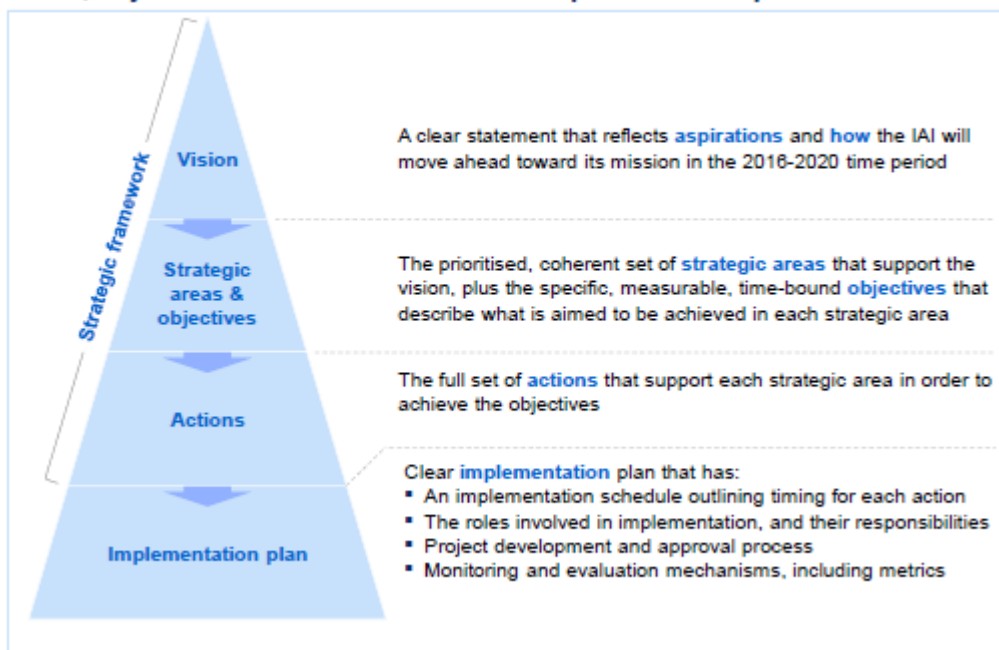
[1] Upon recommendation from the IAI Task Force, the ASEAN Coordinating Council agreed in November 2015 that implementation of IAI Work Plan II would be extended until the adoption of the Work Plan III.

[2] Report of the Status of Implementation of the IAI Work Plan II for the 49th Meeting of the IAI Task Force, ASEAN Secretariat, 5 August 2016.

# CHAPTER 2. STRATEGIC FRAMEWORK

5.  The vision for IAI is to assist CLMV countries to meet ASEAN-wide targets and commitments in realising the goals of the ASEAN Community. IAI's vision remains challenging but achievable, as evidenced by the significant progress that has already occurred in integrating CLMV countries within ASEAN. It also remains critically relevant: given the large development gaps that still exist between ASEAN Member States, CLMV countries will continue to require support to meet the new set of ASEAN-wide targets and commitments agreed to in ASEAN 2025: Forging Ahead Together.

EXHIBIT 3



The role of IAI Work Plan III is to support implementation of ASEAN-wide commitments in five strategic areas
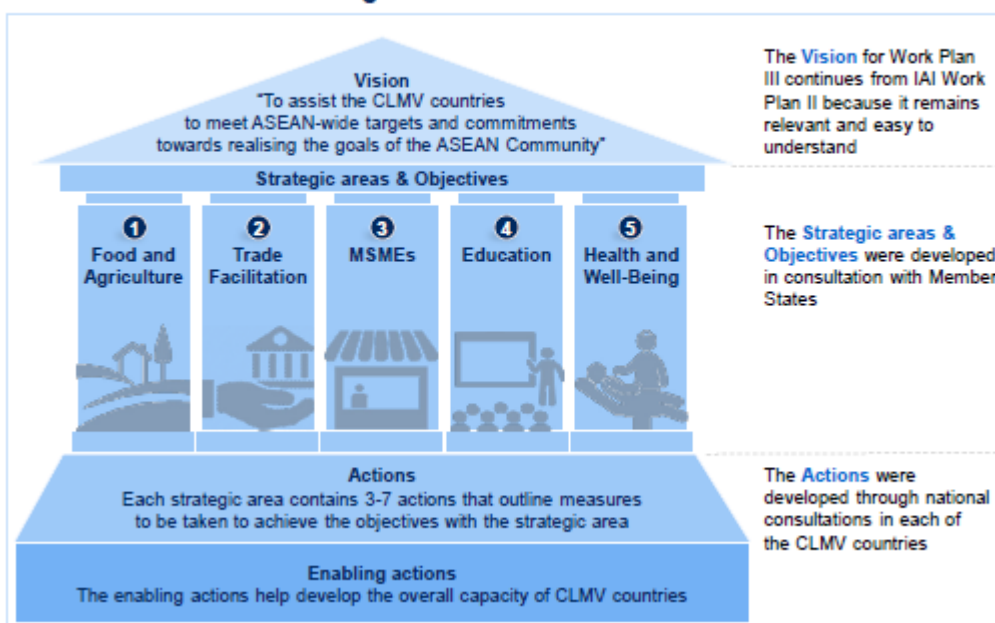
6.  Close alignment with ASEAN 2025: Forging Ahead Together and associated Blueprints and sectoral work plans is crucial to ensuring that IAI actively supports the ASEAN agenda (see Annex A for details). The structure of the Work Plan is based around the five strategic areas, which have relevance to all three Community pillars – AEC, ASCC and APSC. Each of these strategic areas has been mapped with existing ASEAN sectors (Exhibit 4). Several actions proposed are joint actions with sectoral bodies. Cross-cutting issues have been considered within each relevant strategic area. Several enabling actions have also been identified to support the development within CLMV countries of the capacity for the Work Plan's implementation.

EXHIBIT 4

## IAI Work Plan III supports the Community pillars and sectoral work plans
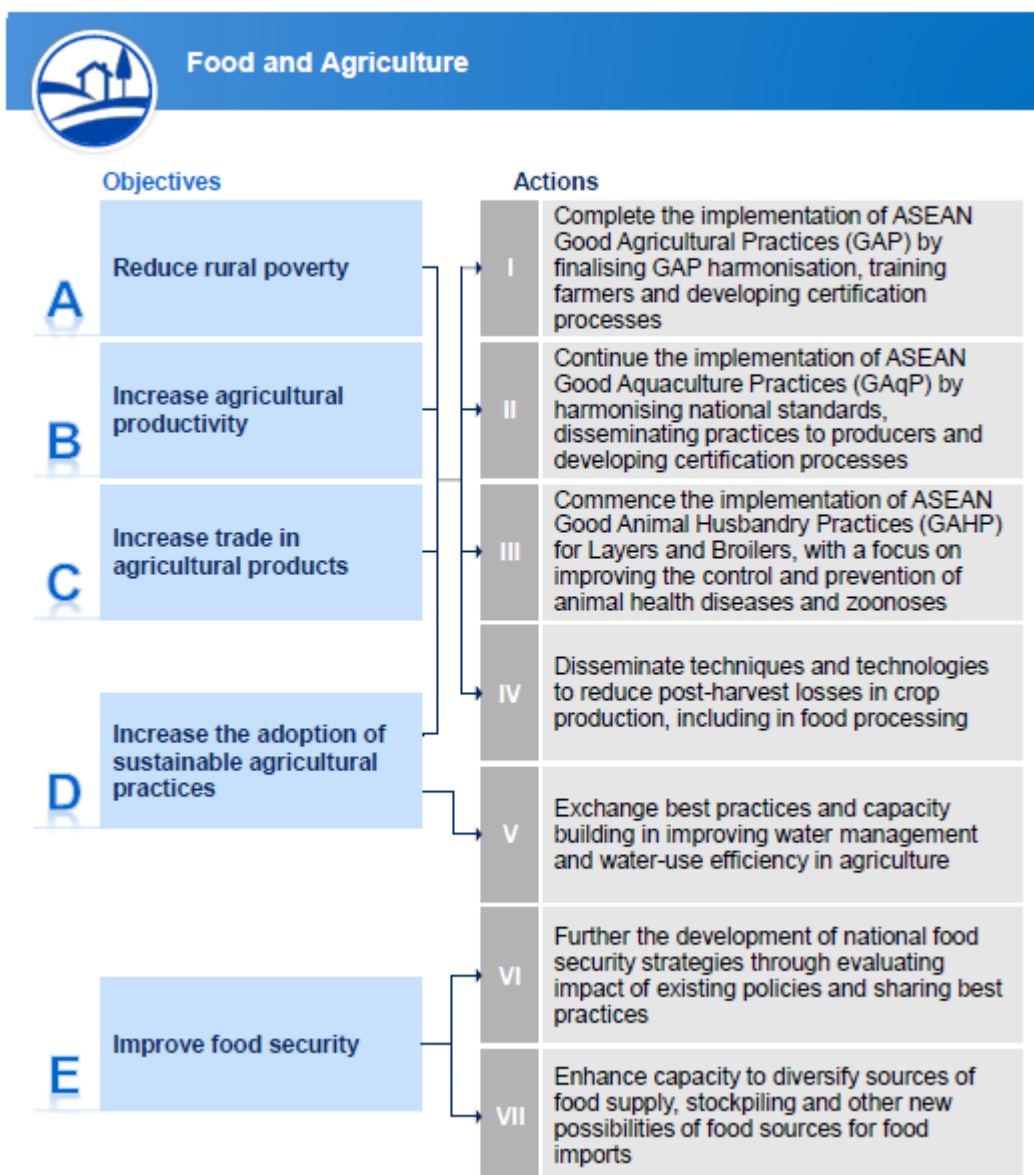
| | Strong focus | Some focus | Limited focus |

| Strategic areas | Community pillars | | | Relevant sectoral work plans |
|---|---|---|---|---|
| | AEC | ASCC | APSC | |
| 1 Food and Agriculture | Strong focus | Some focus | | • ASEAN Integrated **Food Security** Framework and Strategic Plan of Action on Food Security 2015-2020<br>• Vision and Strategic Plan for ASEAN Cooperation in **Food, Agriculture and Forestry** (2016-2025) |
| 2 Trade Facilitation | Strong focus | Limited focus | | • AEC Strategic Action Plan for **Trade in Goods**<br>• ASEAN **Standards and Conformance** Strategic Plan 2016-2025<br>• ASEAN Broad Direction for **Customs** Activities 2016-2025 |
| 3 MSMEs | Strong focus | Limited focus | | • ASEAN Strategic Action Plan for **SME** Development 2016-2025 |
| 4 Education | Some focus | Strong focus | | • The ASEAN Work Plan on **Education** 2016-2020 |
| 5 Health and Well-Being | Some focus | Strong focus | | • ASEAN Post-2015 **Health** Development Agenda |

7. In addition, recognising the progress made by CLMV countries, apart from the objectives identified in the five strategic areas, it will also be useful to include other projects which provide support for other areas in the development agenda. These projects will be developed in consultation with CLMV countries, to ensure that the projects fulfil the needs and requirements of the countries.

8. The five strategic areas prioritised for IAI Work Plan III, and the associated objectives and actions, are detailed below. (Specific outputs and outcomes associated with the actions and objectives are shown in Annex B).

## 2.1. FOOD AND AGRICULTURE

9. A large proportion of people in CLMV countries live in rural areas and depend on agriculture – including crops, livestock and aquaculture – as their primary source of income. Poverty in Southeast Asia is also largely rural – the Asian Development Bank (ADB) estimated that 70% of the poor in Southeast Asia live in rural areas, and in CLMV countries, the incidence of poverty is significantly higher in rural areas. A critical underlying cause of rural poverty in CLMV countries is low agricultural productivity, which is why the AEC Blueprint 2025 focuses on enhancing "productivity and competitiveness of rural economies" in CLMV countries. There are a range of practices and technologies that could assist CLMV countries in improving yields and competitiveness while ensuring environmental sustainability. Trade agreements could also generate export growth opportunities for CLMV countries, if they can meet the product quality and safety standards demanded by importing countries. Through Work Plan III, IAI will support the implementation of ASEAN standards in crops, livestock and fisheries in CLMV countries, and the dissemination of techniques and technologies to improve productivity and food security. The objectives and actions in food and agriculture are summarised in Exhibit 5.

EXHIBIT 5



**Food and Agriculture**

| Objectives | | Actions | |
|---|---|---|---|
| A | Reduce rural poverty | I | Complete the implementation of ASEAN Good Agricultural Practices (GAP) by finalising GAP harmonisation, training farmers and developing certification processes |
| B | Increase agricultural productivity | II | Continue the implementation of ASEAN Good Aquaculture Practices (GAqP) by harmonising national standards, disseminating practices to producers and developing certification processes |
| C | Increase trade in agricultural products | III | Commence the implementation of ASEAN Good Animal Husbandry Practices (GAHP) for Layers and Broilers, with a focus on improving the control and prevention of animal health diseases and zoonoses |
| D | Increase the adoption of sustainable agricultural practices | IV | Disseminate techniques and technologies to reduce post-harvest losses in crop production, including in food processing |
| | | V | Exchange best practices and capacity building in improving water management and water-use efficiency in agriculture |
| E | Improve food security | VI | Further the development of national food security strategies through evaluating impact of existing policies and sharing best practices |
| | | VII | Enhance capacity to diversify sources of food supply, stockpiling and other new possibilities of food sources for food imports |

10. The following actions will be undertaken in food and agriculture:

   I. Complete the implementation of ASEAN Good Agricultural Practices (GAP) by finalising GAP harmonisation, training farmers and developing certification processes. Promoting good agriculture practices by training farmers can improve safety and quality of agricultural products, increase productivity, and enhance sustainability. ASEAN GAP was developed in 2006 to provide common standards for safety, quality and environmental management in fruit and vegetable production. GAP is also an important trade facilitation instrument as it enables harmonisation of sanitary and phytosanitary standards (SPS) across ASEAN. Since 2012, all ASEAN Member States have taken steps to harmonise their national standards with ASEAN GAP, and implement these standards through training and certification. The draft ASEAN Strategic Plan of Action for Cooperation on Crops (2016-2020) continues this process, promoting the usage of regional agricultural standards and best practices at the national level – especially ASEAN GAP – as well as the availability and capacity of testing laboratories to support

GAP certification. Cambodia, Lao PDR and Myanmar (CLM countries) lack the necessary skills and capacity, and require support to complete their GAP implementation.

II.   Continue the implementation of ASEAN Good Aquaculture Practices (GAqP) by harmonising national standards, disseminating practices to producers and developing certification processes. Most ASEAN Member States have large and growing aquaculture industries, and aquaculture is important both to food security and nutrition, and the overall economy. In 2015, ASEAN agreed to harmonise standards for aquaculture across Member States, starting with the publication of ASEAN GAqP covering food fish. GAqP addresses a range of issues, including food safety, animal health and welfare, environmental integrity, and socio-economic issues. Some CLMV countries have already begun implementing GAqP, but all currently lack the capacity to train the large number of producers and develop certification processes.

III.   Commence the implementation of ASEAN Good Animal Husbandry Practices (GAHP) for Layers and Broilers, with a focus on improving the control and prevention of animal health diseases and zoonoses. The ASEAN GAHP for Layers and Broilers in food safety was developed in 2014. In combination with the ASEAN Biosecurity Management Manual for Commercial Poultry Farming, ASEAN GAHP is an important tool for improving biosecurity and facilitating increased trade in poultry products. At the time of its development, Cambodia, Lao PDR and Myanmar were three of the four ASEAN Member States without a structured national GAHP[3]. This makes ASEAN GAHP an important model framework for the development of national GAHPs in those countries. Although implementation has commenced, CLM countries will need assistance to finish their regulatory standards and train poultry producers. Viet Nam may need support in completing the alignment of their existing GAHP with ASEAN GAHP.

IV.   Disseminate techniques and technologies to reduce post-harvest losses in crop production, including in food processing. Post-harvest losses are very significant in ASEAN – the Food and Agriculture Organization of the United Nations (FAO) has estimated losses in rice at 10% to 27%, and losses in fruit and vegetables above 20%[4]. Losses are exacerbated by the warm, humid climates in CLMV countries, and can be caused by a variety of factors, including transport, storage, processing and disease. Various practices and tools, both on farm and in transportation and food processing, offer the opportunity to significantly reduce these losses. There have been some previous initiatives to address this issue, but CLMV countries currently have only limited application of post-harvest technologies and little training of farmers in relevant techniques.

V.   Exchange best practices and capacity building in improving water management and water-use efficiency in agriculture. Deficiencies in water management can lead to suboptimal water use. This affects crop yields and the level of farm incomes. It can also lead to higher operating costs for systems based on pumping water from a primary source of supply. While the deficiencies in water management may result from inadequate infrastructure and maintenance programmes, they also reflect poor service delivery and operating rules that fail to supply enough water to meet crop demands at different points of the production cycle. As sustainable agricultural development

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[3] ASEAN Good Animal Husbandry Practices for Layers and Broilers: Strategic Plan 2014-2016, AADCP II, 2014.

[4] Post-harvest losses in ASEAN countries, FAO, 2008.

depends on sustainable water use, CLMV countries will need assistance to strengthen capacity to ensure sustainable management of water resources in agriculture.

VI. Further the development of national food security strategies through evaluating impact of existing policies and sharing best practices. The global food price crisis in 2007-08 was an important reminder that food security remains a critical challenge in the region. ASEAN has made food security a major priority, and adopted the ASEAN Integrated Food Security (AIFS) Framework and a Strategic Plan of Action (SPA-FS)[5]. CLM countries are the most severely affected amongst Member States, with the highest rates of undernourishment[6]. While CLMV countries have all implemented measures to improve food security, there is a need to further develop national strategies to meet new challenges and ensure alignment with the objectives of AIFS and SPA-FS, including the establishment of the ASEAN Food Security Information System (AFSIS).

VII. Enhance capacity to diversify sources of food supply, stockpiling and other new possibilities of food sources for food imports. It is crucial for CLMV countries to improve food stability and reduce vulnerability to global food supply volatility. This is in accordance with the core objectives of the AIFS Framework and SPA-FS. According to estimates, if food prices had stayed the same in the late 2000s, about 112 million more people could have been saved from poverty every year (based on the $1.25/day poverty line)[7]. Further, food prices have been far more volatile than non-food prices in developing Asia during 2000-2010. Food price volatility is a major challenge to food security because it affects how poor households decide where to invest their limited resources. For example, they may resist investing in education, training, health care, and future productivity to provide an immediate safety net in case food prices rise rapidly. Ensuring that governments and relevant policy makers have the capacity to diversify sources of food will be vital in enhancing living standards in CLMV countries.

## 2.2. TRADE FACILITATION

11. Trade facilitation measures – which simplify and harmonise trade procedures with international standards – have the potential to significantly reduce trade costs, integrate CLMV countries into the ASEAN Economic Community and increase their participation in global value chains. Businesses in ASEAN have highlighted trade facilitation issues as priorities to be addressed in order to enhance regional integration, with non-tariff barriers ranked the most important challenge requiring attention. At present, the time required for border and documentary compliance for either export or import in CLMV countries is almost double the ASEAN-6[8]. As a consequence, the Organisation for Economic Co-operation and Development (OECD) has estimated that amongst ASEAN Member States, CLMV countries have the most to gain through improved trade facilitation[9]. IAI Work Plan III aims to support existing ASEAN trade facilitation commitments, such as National Single Windows and National Trade Repositories, as well as improving governance and capacity in customs, and standards and conformance. The objectives and actions in trade facilitation are summarised in Exhibit 6.

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[5] ASEAN Integrated Food Security Framework and Strategic Plan of Action on Food Security in the ASEAN Region (SPAFS) 2015-2020, ASEAN Secretariat, 2015.
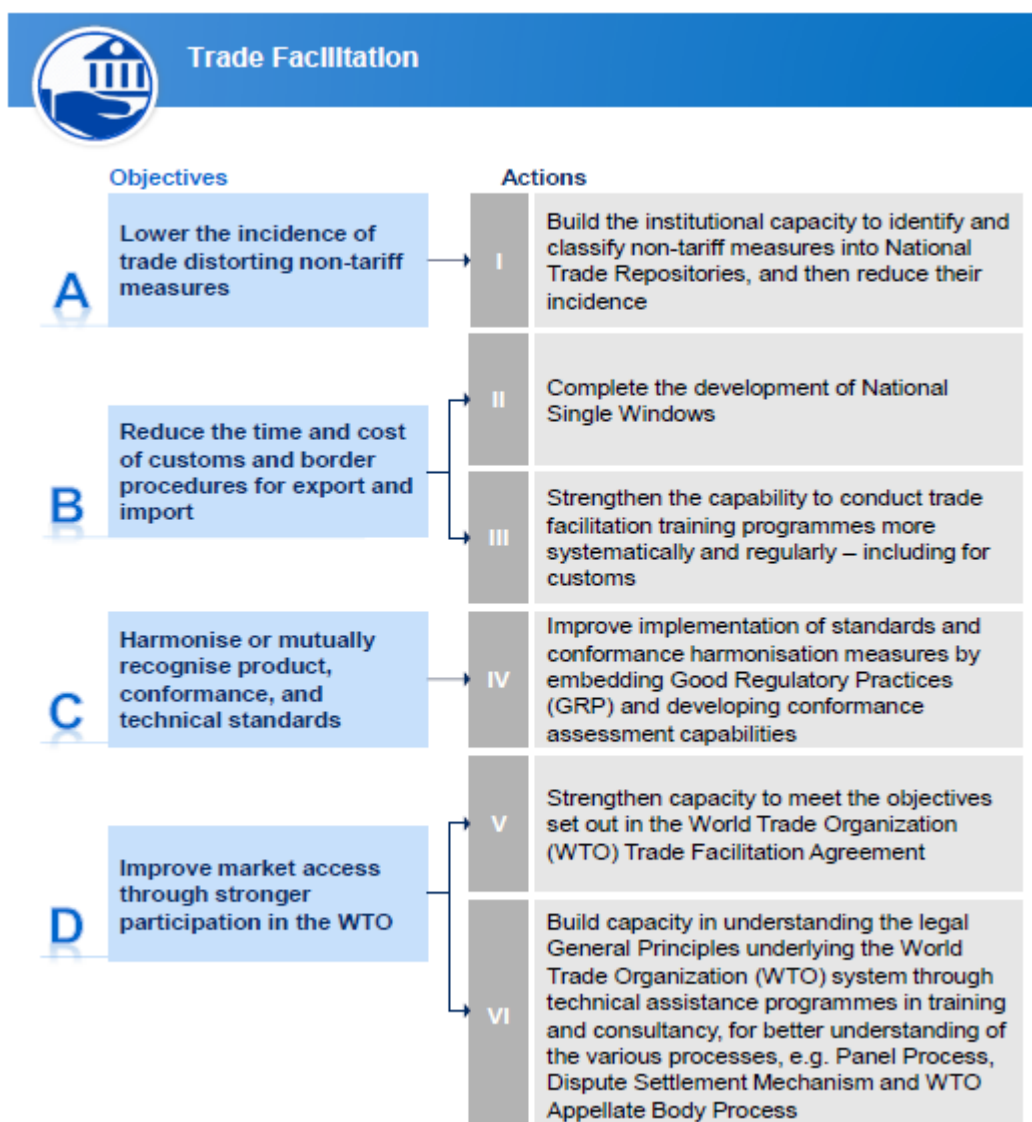
[6] Regional Overview of Food Security: Asia and the Pacific, FAO, 2015.

[7] Food Security and Poverty in Asia and the Pacific: Key Challenges and Policy Issues, ADB, 2012.

[8] Doing Business: Trading Across Borders, World Bank, 2016.

[9] OECD Trade Facilitation Indicators: Moving ASEAN Forward, OECD, 2015.

EXHIBIT 6



**Trade Facilitation**

| Objectives | | Actions |
|---|---|---|
| **A** Lower the incidence of trade distorting non-tariff measures | I | Build the institutional capacity to identify and classify non-tariff measures into National Trade Repositories, and then reduce their incidence |
| **B** Reduce the time and cost of customs and border procedures for export and import | II | Complete the development of National Single Windows |
| | III | Strengthen the capability to conduct trade facilitation training programmes more systematically and regularly – including for customs |
| **C** Harmonise or mutually recognise product, conformance, and technical standards | IV | Improve implementation of standards and conformance harmonisation measures by embedding Good Regulatory Practices (GRP) and developing conformance assessment capabilities |
| **D** Improve market access through stronger participation in the WTO | V | Strengthen capacity to meet the objectives set out in the World Trade Organization (WTO) Trade Facilitation Agreement |
| | VI | Build capacity in understanding the legal General Principles underlying the World Trade Organization (WTO) system through technical assistance programmes in training and consultancy, for better understanding of the various processes, e.g. Panel Process, Dispute Settlement Mechanism and WTO Appellate Body Process |

12. The following actions will be undertaken in trade facilitation:

I. Build the institutional capacity to identify and classify non-tariff measures into National Trade Repositories, and then reduce their incidence. ASEAN agreed, in the AEC Blueprint 2025 and ASEAN Trade in Goods Agreement (ATIGA), to work towards an ASEAN Trade Repository (ATR), built on National Trade Repositories (NTRs). CLMV countries have commenced populating their NTRs but lack the institutional capacity to properly identify and classify all non-tariff measures (NTMs), which often extend across many different ministries and agencies. There is a need to also reduce the incidence of trade-distorting NTMs through well-coordinated reform and Good Regulatory Practices (GRP), which will be challenging for all ASEAN Member States, especially CLMV countries.

II.      Complete the development of National Single Windows. The ASEAN Single Window (ASW), which is in pilot phase, allows integrated customs clearance through linking together National Single Windows (NSWs) in each ASEAN Member State. NSWs can increase speed and reduce cost of trade procedures for Member States. Progress to-date on NSWs in CLMV countries has been fairly limited. CLM countries have focused first on customs modernisation. Viet Nam is slightly more advanced, having established their NSW; however, they have not completed integration of all technical control agencies into the platform[10]. The success of NSWs will be dependent on the levels of product coverage, as well as the degree of back-end integration of the relevant trade-related departments, and coverage of ports and airports in the countries. CLMV countries will need additional technical expertise and technological capacity to complete the implementation of the NSWs.

III.     Strengthen the capability to conduct trade facilitation training programmes more systematically and regularly – including for customs. Efficient operation of trade facilitation processes is critical to enabling increased trade flows, and is a priority of ASEAN. Customs compliance and harmonisation are also key elements of the WTO's trade facilitation agenda. However, CLMV countries lag behind other ASEAN Member States in measures on ease of trading across borders, and this is in part due to weak capabilities in customs and other trade facilitation agencies. Given this, CLMV countries will need help to improve their training and development systems to ensure that training is aligned with new commitments, and is provided regularly and systematically.

IV.     Improve implementation of standards and conformance harmonisation measures by embedding Good Regulatory Practices (GRP) and developing conformance assessment capabilities. In CLM countries in particular, regulatory agencies lack capacity in standards adoption and conformance assessment. This has led to weak implementation of existing ASEAN agreements. AEC Blueprint 2025 identifies the need to undertake regional and national programmes to upgrade the technical capacity and physical infrastructure for an effective and efficient conformity assessment regime in the region. It also emphasises the importance of GRP in the preparation, adoption and implementation of standards, rules and regulations. CLM countries need assistance to develop skills and capabilities that will allow them to participate fully in ASEAN's harmonisation processes.

V.      Strengthen capacity to meet the objectives set out in the World Trade Organization (WTO) Trade Facilitation Agreement. The Trade Facilitation Agreement contains provisions for expediting the movement, release and clearance of goods. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. Implementation of the WTO Trade Facilitation Agreement should help developing and least-developed countries (LDCs) reduce border inefficiencies and the resulting costs, leading to substantial gains. Developing and LDC members of the WTO will also enjoy implementation flexibilities and be entitled to technical assistance provided by WTO, its members as well as other intergovernmental organisations.

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[10] Enhancing ASEAN Connectivity Monitoring and Evaluation, World Bank Group and ASEAN Secretariat, 2015.

VI. Build capacity in understanding the legal General Principles underlying the World Trade Organization (WTO) system through technical assistance programmes in training and consultancy, for better understanding of the various processes, e.g. Panel Process, Dispute Settlement Mechanism and WTO Appellate Body Process. Building capacity through technical assistance programmes in training and consultancy for the following:

i) To achieve better understanding of the WTO trading rules on Goods and Services in order to facilitate trade among ASEAN, particularly CLMV countries, in the global value chain. This will also help CLMV countries achieve free flow of goods and services under the AEC.

ii) To develop a better understanding among CLMV countries of the General Principles underlying the WTO Legal Framework and how these principles play a role in WTO dispute settlement. This will equip them with the necessary tools to understand and participate in the various dispute settlement processes, e.g. from Consultations to Panel and Appellate Body proceedings. Dispute settlement is the central pillar of the multilateral trading system. Having a better understanding of the legal principles and processes of the WTO system would help CLMV countries better participate in the trade facilitation processes of the WTO. This is also in accordance with Sections A.1. and A.2. of the AEC Blueprint 2025, where ASEAN will continue to reduce or eliminate border and behind-the-border regulatory barriers that impede trade, so as to achieve competitive, efficient, and seamless movement of goods within the region.

### 2.3. MSMES

13. Micro, small and medium enterprises (MSMEs) constitute the vast majority of enterprises, and contribute significantly to employment and gross domestic product (GDP) in all CLMV countries. Despite their importance, the policy environment for MSMEs remains weak, particularly in the availability of finance, ease of business registration, and access to entrepreneurship education. CLM countries also rank lowly in the World Bank's Doing Business survey for overall Ease of Doing Business. Strengthening the role of MSMEs is a major priority of the AEC Blueprint 2025 – IAI Work Plan III focuses on supporting ASEAN's regional activities by bolstering good governance in business registration processes, developing financing systems and improving capacity to conduct entrepreneurship training. The objectives and actions in MSMEs are summarised below in Exhibit 7.

EXHIBIT 7
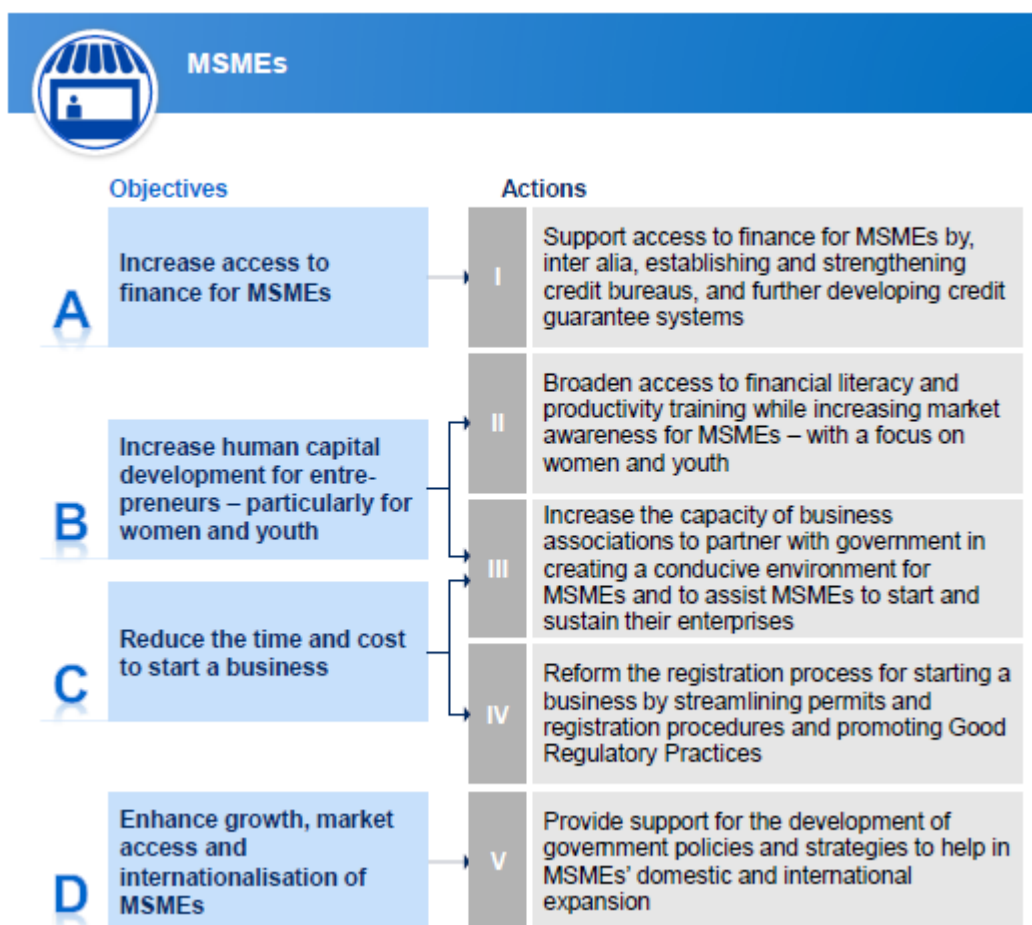


14. The following actions will be undertaken in MSMEs:

   I.   Support access to finance for MSMEs by, inter alia, establishing and strengthening credit bureaus, and further developing credit guarantee systems. A key factor inhibiting access to finance for MSMEs is the limited coverage of credit bureaus in CLMV countries, which discourages lenders from extending loans to many MSMEs. Further limiting access to bank loans is the predominant use of land as collateral – a challenge for enterprises which have moved away from land-intensive industries. Credit guarantee systems also remain underdeveloped in most CLMV countries. A study by the Economic Research Institute for ASEAN and East Asia (ERIA) found that Myanmar, for example, had neither a private nor a government credit guarantee scheme[11]. To support the growth and export potential of MSMEs, CLMV countries require additional assistance to extend credit coverage through credit bureaus and to establish targeted credit guarantee schemes that meet the needs of MSMEs.

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[11] ASEAN SME Policy Index 2014, Economic Research Institute for ASEAN and East Asia, 2014.

II.    Broaden access to financial literacy and productivity training while increasing market awareness for MSMEs – with a focus on women and youth. A recurring issue in CLMV countries is the lack of access to entrepreneurship education – particularly on bookkeeping, market awareness and productivity. Training courses mainly take place in large cities and only a few hundred people can participate in these programmes annually. Poor knowledge on book-keeping and financing options impede business owners from accessing loans and overdrafts from banks, thereby limiting their expansion. Entrepreneurs also lack the information to integrate their products into regional and global value chains, and utilise best practices to optimise their manpower and capital. CLMV countries require assistance to develop and extend the availability of MSME training programmes.

III.   Increase the capacity of business associations to partner with government in creating a conducive environment for MSMEs and to assist MSMEs to start and sustain their enterprises. Since 2008, ASEAN has focused on engaging the private sector in the region's economic development. A recent survey by ERIA found that business associations in CLMV countries do not have the same capacity to engage effectively with their members and government as business associations in the ASEAN-6[12]. As a consequence, MSMEs in CLMV countries lack an additional source of support for financial advice, business information and entrepreneurial skills development, and governments lack a private sector partner for consultation. Business associations in CLMV countries need assistance to improve their capacity to deliver services to their members, as well as to engage with government on relevant issues.

IV.    Reform the registration process for starting a business by streamlining permits and registration procedures and promoting Good Regulatory Practices. Currently, the number of agencies required to obtain permits and registration for new businesses in CLMV countries remains high compared to other ASEAN-6, particularly for Lao PDR and Viet Nam. Registering a business in these countries can be burdensome as entrepreneurs have to apply separately to each relevant ministry or agency, sometimes having to wait for the approval of one license before applying for the next. This large number of procedures leads to the protracted time and high cost of starting a business. As ASEAN encourages its Member States to transition towards 'one-stop shops' for business registration, CLMV countries require additional technical expertise to implement GRP in order to streamline this process.

V.     Provide support for the development of government policies and strategies to help in MSMEs' domestic and international expansion. Strong MSME development is underpinned by well-coordinated efforts among multi-disciplinary stakeholders, along with strong political direction from the top. Stronger concerted efforts at both the regional and national level are needed by ASEAN governments to enhance the competitiveness and flexibility of ASEAN MSMEs. CLMV governments can play a significant role in the growth of MSMEs by implementing business-friendly policies and growth strategies targeted at the MSMEs. Providing consultancy and capacity building programmes targeted at the government officials of CLMV countries can enhance the policy making process and help operationalise MSME promotion strategies.

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[12] Ibid.

## 2.4. EDUCATION

15. Developing human capital is a critical challenge for CLMV countries – levels of educational attainment are well below other ASEAN Member States and the resultant skills gaps are major drivers of poverty and inequality. While CLMV countries have increased enrolment ratios in basic education – and maintained strong gender parity – dropout rates are high and there are still significant numbers of out-of-school children. The quality of education is also largely not assessed and unaddressed. IAI Work Plan III will support the ASCC Blueprint 2025 in its measures to improve access and quality in basic education. CLMV countries also struggle to deliver quality English language instruction, which is critical given English's status as the working language of ASEAN. IAI Work Plan III will also assist CLMV countries to implement their National Qualifications Frameworks (NQFs), which will help improve quality in the technical and vocational education and training (TVET) and higher education sectors, and facilitate the mutual recognition of qualifications across ASEAN. The objectives and actions in education are summarised in Exhibit 8.

EXHIBIT 8



**Education**

| Objectives | | Actions |
|---|---|---|
| **A** Increase access to basic education (primary and lower secondary) | I | Study the scale and causes of out-of-school children and assist in furthering the development of alternative approaches to increasing their access to basic education, with a particular focus on disadvantaged and marginalised groups |
| **B** Improve the quality of basic education | II | Develop the capacity necessary to enable participation in international testing programmes, including through training of teachers and provision of education materials |
| **C** Improve the quality of technical and vocational education and training, and higher education | III | Complete the development of National Qualifications Frameworks (NQFs), and begin undertaking quality assurance activities in TVET and higher education |
| **D** Improve English language standards across all levels, through inter alia, increasing access to quality English language instruction in basic education and the public service | IV | Develop programmes to train primary school teachers in English language instruction |
| | V | Develop programmes to provide English language training to government officials |

16. The following actions will be undertaken in education:

   I. Study the scale and causes of out-of-school children and assist in furthering the development of alternative approaches to increasing their access to basic education, with a particular focus on disadvantaged and marginalised groups. Access to basic education is still a major challenge in CLMV countries, especially in remote rural areas. While primary school enrolment ratios are quite high (around 95% in CLM countries), drop-out rates often exceed 20%[13]. Inflexibility of formal education models is likely a major cause of dropouts – however, there is a lack of reliable data on the numbers of out-of-school children and the reasons, so further research is needed on the scale of the challenge. CLMV countries already employ some flexible learning strategies (FLS), e.g. flexible schooling and non-formal education, but they lack capacity to expand and develop these approaches.

   II. Develop the capacity necessary to enable participation in international testing programmes, including through training of teachers and provision of education materials. While access to basic education has improved since 2000, the quality of education remains a major challenge. It is difficult to garner attention for quality as there is little or no data available in most CLMV countries – only Viet Nam participates regularly in any major international testing programmes (the OECD's Programme for International Student Assessment (PISA); Cambodia and Lao PDR have had occasional Analysis Programme of the CONFEMEN Education Systems (PASEC) assessments). Although Lao PDR has conducted National Assessment of Student Learning Outcomes on three occasions since 2006, the results are difficult to benchmark. ASEAN, Southeast Asian Ministers of Education Organization (SEAMEO) and United Nations Children's Emergency Fund (UNICEF) have begun implementing the Southeast Asia Primary Learning Metric (SEA-PLM) to provide system-level monitoring of learner achievements and increase focus on quality. CLM countries will need additional support to participate fully as they have not previously undertaken international standardised testing programmes with the same scale and frequency.

   III. Complete the development of National Qualifications Frameworks (NQFs), and begin undertaking quality assurance activities in TVET and higher education. The quality of TVET, and to a lesser extent higher education, is highly variable in CLMV countries, with weak or no quality assurance systems. ASEAN has agreed to an ASEAN Qualifications Reference Framework (AQRF), which facilitates translation of qualifications between Member States. Each Member State is now aiming to develop and implement an NQF, to enable referencing against AQRF by 2018. Implementation requires governance arrangements, and quality assurance systems to ensure that the qualifications offered by education providers meet the standards of the NQF. Only Cambodia has completed drafting its NQF, and it has not yet been fully implemented. As such, all CLMV countries will need assistance to complete this important process.

   IV. Develop programmes to train primary school teachers in English language instruction. CLMV countries are attempting to improve the English language capabilities of their populations by extending English language instruction into primary education. However, all CLMV countries lack trained English teachers and the coverage and capacity of their English teacher training systems are currently inadequate. Inclusion of training in English language instruction in pre-service training for all new primary school teachers will increase the number of professionally certified English teachers. In addition, there is

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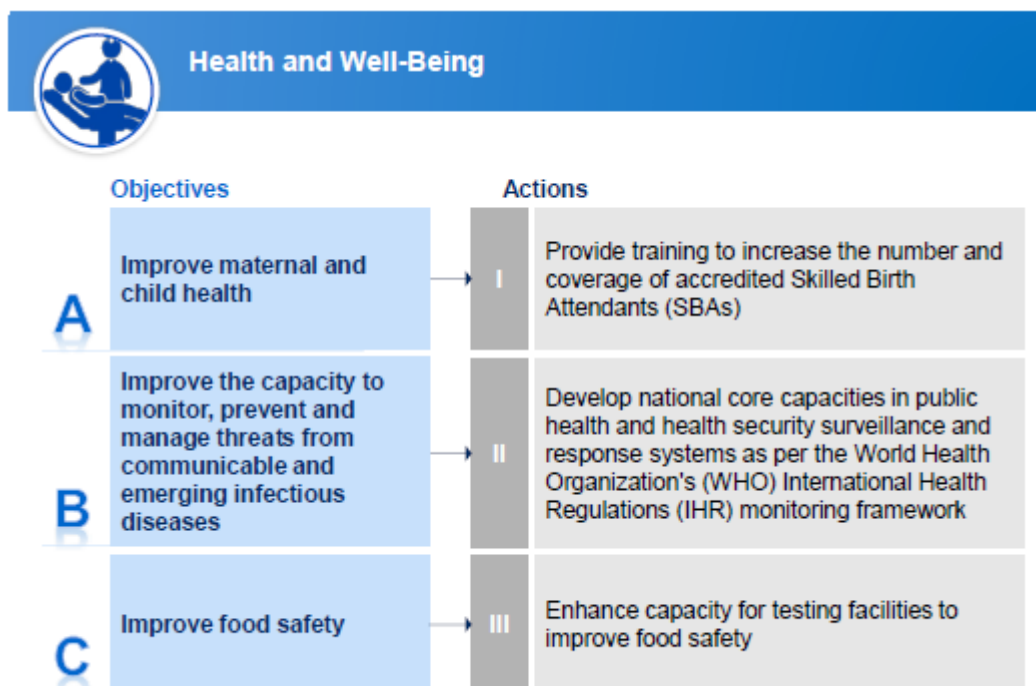[13] UNESCO Institute for Statistics, latest data; no recent data on dropout rates available for Myanmar.

a need to establish programmes to upskill existing primary school teachers through in-service training.

V. Develop programmes to provide English language training to government officials. Recognising the need to improve English language standards across all levels, the provision of English language instruction should also extend to government officials of CLMV countries.

## 2.5. HEALTH AND WELL-BEING

17. Good health contributes to economic growth through promoting higher labour productivity and educational attainment. Improving health and well-being is also a major goal of the ASCC Blueprint 2025. CLMV countries have made great strides to develop the health of their citizens. However, there remain large development gaps in health and well-being indicators between CLM countries, and other ASEAN Member States. Many of the health issues, such as maternal and child health, communicable and non-communicable disease, and public health emergency preparedness are especially challenging in rural and remote areas, where access to health services remains limited. IAI Work Plan III aims to support existing regional harmonisation efforts in the areas of maternal and child health and food safety, and build national capacities to participate in regional surveillance mechanisms, such as for emerging infectious and other communicable diseases. The objectives and actions in health and well-being are summarised in Exhibit 9.

EXHIBIT 9



| | Objectives | | Actions |
|---|---|---|---|
| A | Improve maternal and child health | I | Provide training to increase the number and coverage of accredited Skilled Birth Attendants (SBAs) |
| B | Improve the capacity to monitor, prevent and manage threats from communicable and emerging infectious diseases | II | Develop national core capacities in public health and health security surveillance and response systems as per the World Health Organization's (WHO) International Health Regulations (IHR) monitoring framework |
| C | Improve food safety | III | Enhance capacity for testing facilities to improve food safety |

18. The following actions will be undertaken in health and well-being:

I. Provide training to increase the number and coverage of accredited Skilled Birth Attendants (SBAs). Ensuring the availability of SBAs is a major step towards improving maternal and infant health. ASEAN Member States have agreed to a minimum set of guidelines to train and accredit skilled birth attendants. However, the proportion of deliveries assisted by a skilled health professional in CLMV countries is still low. Most CLMV countries have yet to train an adequate number of SBAs to ensure services can be provided nationwide, including rural and remote areas. In order to increase the coverage of SBAs across the country, CLMV countries need assistance to further develop capacity for training and accreditation of SBAs – especially at a provincial level.

II. Develop national core capacities in public health and health security surveillance and response systems as per the World Health Organization's (WHO) International Health Regulations (IHR) monitoring framework. The IHR entered into force on 15 June 2007, and has been incorporated into ASEAN's health development sector work plans. It refers to a set of legally binding rules that require WHO member countries (which includes all CLMV countries) to protect against, control and provide a public health response to the international spread of disease. To achieve this, countries agreed to develop a framework of minimum core public health capacities to abide by these regulations[14]. CLMV countries still lag behind in the implementation of these minimum core capacities – especially in the area of laboratory identification of infectious agents and nation-wide coordination for effective alerting and response systems. To raise the capacities for CLMV countries to address the threat of emerging infectious diseases (EIDs) and communicable diseases, external assistance and expertise are required to closer align CLMV's national health systems to the WHO's IHR monitoring framework.

III. Enhance capacity for testing facilities to improve food safety. Providing laboratory testing for harmful additives, bacteria or excessive use of chemicals is a key element in the overall food safety system. CLMV countries have limited capacities to test the quality of food from both domestic producers as well as imports. To improve the level of food safety in ASEAN, the ASEAN Consultative Committee on Standards and Quality has issued guidelines which require National Food Reference Laboratories and other relevant laboratories to participate in proficiency testing conducted according to ISO/IEC 17043 (Conformity assessment – General requirements for proficiency testing) standards[15]. External assistance to train technicians and improve the quality of equipment in food testing will support the development of capable food testing laboratories, thereby enhancing the food safety system.

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[14] Checklist and Indicators for Monitoring Progress in the Development of IHR Core Capacities in States Parties, World Health Organization, 2013

[15] Guidelines for ASEAN Food Reference Laboratories, ASEAN Secretariat, 2015.

**2.6. ENABLING ACTIONS**

19. Several enabling actions have been identified to support the five prioritised strategic areas. The ability of CLMV countries to undertake the actions in this Work Plan will be enhanced by the further development of their administrative capacities. The dissemination and application of best practices in regulation, digital government, public policy, transparency, and engagement with the private sector, will play an important role in facilitating growth and development through IAI. Strengthening governance is also an objective throughout the ASEAN 2025 Blueprints. The enabling actions are summarised in Exhibit 10.

EXHIBIT 10

**Enabling Actions**

| | Actions |
|---|---|
| I | Develop regulatory techniques and practices, and frameworks for legal and judicial excellence |
| II | Strengthen digital government strategies |
| III | Improve capacity for crisis and disaster management |
| IV | Foster best practices in administration and public policy |
| V | Promote the implementation of international safety standards and systems |
| VI | Promote sustainable development |

20. The following actions will be undertaken as general enablers of Work Plan III:

   I. Develop regulatory techniques and practices, and frameworks for legal and judicial excellence. Effective regulation is one of government's most important activities, especially from the perspective of the private sector. Lack of good regulation, lack of clarity or inconsistent application of regulation can easily become barriers to investment and economic activity. The regulatory system needs to be matched with a fair and efficient legal system. CLMV countries are already working to adopt GRP in trade facilitation and other areas, but need further training in embedding GRP and matching it with strong legal and judicial practices.

II. Strengthen digital government strategies. Expansion in the application of digital technologies offers significant opportunities to improve public service delivery by CLMV governments. Digital government can help to better connect governments with citizens and the private sector through increased transparency and more efficient service models. The APSC Blueprint 2025 embraces the important role of 'e-government' in good governance; development of best practices for e-service delivery is also an action under the ASEAN ICT Masterplan 2020[16]. While CLMV countries have all undertaken steps towards digitising government services, building their strategic capability will ensure a clear roadmap for the continuation of this process.

III. Improve capacity for crisis and disaster management. Effective management of crises and disasters is a core challenge for all Member States, especially as climate change is likely to worsen the impact of natural disasters in the region. Increased capacity to handle crises and disasters such as floods and health pandemics can help affected countries recover normalcy more rapidly and continue their efforts in growth and development. ASEAN has undertaken several measures to improve the regional architecture for disaster management, including adopting the ASEAN Agreement on Disaster Management and Emergency Response (AADMER), and establishing the ASEAN Coordinating Centre for Humanitarian Assistance (AHA Centre). Strengthening ASEAN cooperation on disaster management and emergency response is also a key objective of the APSC Blueprint 2025.

IV. Foster best practices in administration and public policy. The policy challenges faced by CLMV governments are ever more complex and dynamic, and the experiences of other national governments in implementing change are an important resource to draw upon. The APSC Blueprint 2025 encourages the exchange and promotion of best practices on good governance and public service delivery. IAI offers a useful forum for ASEAN-6, Dialogue Partners and external parties to work with CLMV countries to foster best practices in administration and public policy, in support of the implementation of Work Plan III.

V. Promote the implementation of international safety standards and systems. The implementation of safety standards are essential to the well-being and development of CLMV countries. These safety standards could apply to road, construction, civil aviation, maritime, etc. For instance, the compliance with International Civil Aviation Organization (ICAO) standards and recommended practices is a cornerstone of international civil aviation safety. However, a rapidly expanding aviation industry and limited resources at oversight authorities make it increasingly difficult to efficiently and effectively sustain a prescriptive approach to the management of safety based upon regulatory compliance exclusively. The provision of technical assistance in the implementation of safety management systems (SMS) can support systems to maintain the civil aviation safety standards of CLMV countries.

VI. Promote sustainable development. In the ASEAN Community Vision 2025, ASEAN underlined the complementarity of the UN 2030 Agenda for Sustainable Development with ASEAN Community building efforts to uplift the living standards of its peoples. Capacity building to facilitate the exchange of policies, practices and approaches in the area of sustainable development is critical, in order to meet the related challenges, raise the living standards of people in CLMV countries and realise the goals of the UN 2030 Agenda for Sustainable Development.

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[16] ASEAN ICT Masterplan 2020, ASEAN Secretariat, 2015.

# CHAPTER 3. IMPLEMENTATION PLAN

## 3.1. IMPLEMENTATION APPROACH

21. Improving implementation mechanisms for IAI is critical to lifting the low implementation rate from Work Plan II and ensuring the success of Work Plan III. The approach for Work Plan III is based around four dimensions found to be important drivers of success in government delivery (Exhibit 11).

EXHIBIT 11

## Four dimensions will be crucial for the successful implementation of IAI Work Plan III

| | Description |
| --- | --- |
| **Clear governance and ownership** | Accountability for outcomes is assigned to individuals in the implementing bodies in each country, and supported by a designated group, such as the endorsing sectoral body, that is empowered to drive delivery |
| **Presence of core skills and finance** | Adequate capabilities and finance to support plans, and strong coordination across activities |
| **Proactive stakeholder engagement** | Frequent communication to public on progress and to develop potential solutions, supported by proactive engagement of stakeholders who will be critical for success |
| **Robust performance management** | Intensive, regular, data-based performance dialogues, supported by strong problem solving to address potential risks early |

SOURCE: *Instruction to Deliver: Fighting to Transform Britain's Public Services*, Michael Barber, 2007; *Delivery 2.0: The New Challenge for Governments*, McKinsey & Company, 2012; team analysis

Dimension 1: Clear governance and ownership

22. Successful implementation requires leadership and well-defined roles and responsibilities. IAI Task Force maintains primary governance responsibility for IAI, reporting through the ASEAN Coordinating Council to the ASEAN Summit. At the national level, national coordinators will be responsible for all IAI planning and activities in each CLMV country. They will be supported by CLMV focal points in each of the five strategic areas. The different roles in the implementation of IAI Work Plan III are outlined in Exhibit 12.

EXHIBIT 12

## IAI implementation roles

| Body | Role | Membership |
|------|------|------------|
| **IAI Task Force** | • Provide overall leadership and direction for IAI, and support stakeholder engagement<br>• Undertake annual reviews of Work Plan III to ensure that each of the strategic areas are making progress<br>• Address key issues or problems that are hindering resource mobilisation and progress | • Permanent representatives of AMS<br>• Chaired by CLMV on rotation with a term of 1 year |
| **National coordinators** | • Responsible for coordinating all IAI activities in each CLMV country<br>• Liaise with ASEAN Secretariat, and support the CLMV focal points in their country | • For each CLMV country, drawn from ministries of foreign affairs |
| **CLMV focal points** | • Responsible for ensuring successful implementation of their strategic area in their country<br>• Liaise with other focal points and develop projects for the actions in their area<br>• Engage with relevant sectoral bodies to ensure alignment and develop support for IAI | • For each strategic area:<br>– One from each CLMV country, preferably same position as representative to relevant sectoral body |

23. These various roles will interact to ensure that there are adequate national and regional level mechanisms to govern implementation of IAI Work Plan III (Exhibit 13).

EXHIBIT 13

## Governance and accountability in IAI
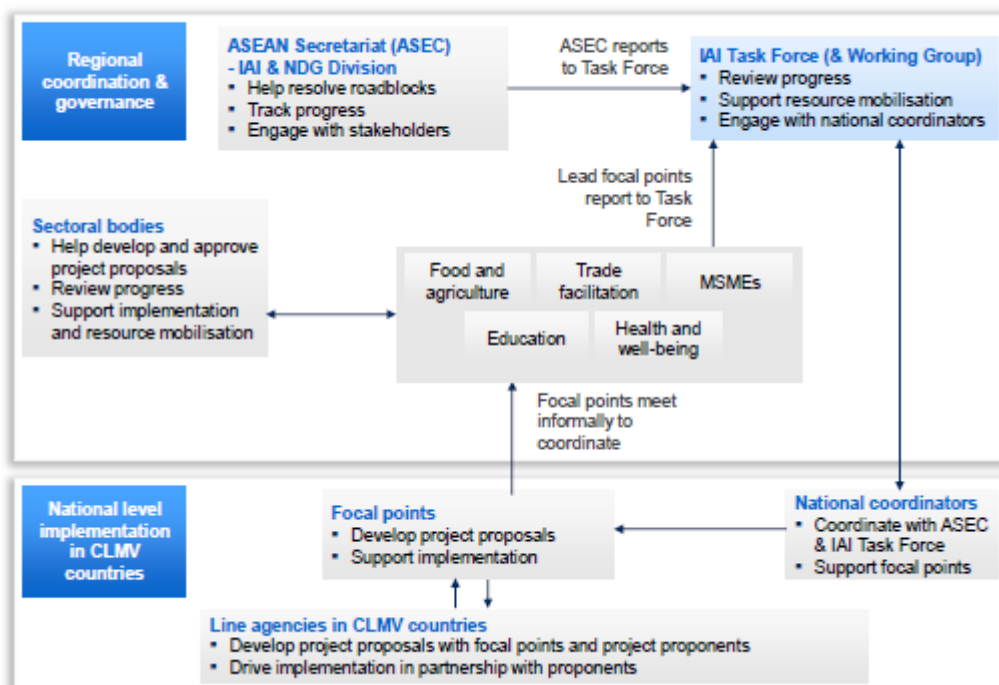


24. Specific changes in governance and accountability under IAI Work Plan III are explained in further detail below:

Appoint CLMV focal points in each CLMV country in each strategic area.

25. IAI Work Plan III will improve accountability for implementation by maintaining the existing role of national coordinators, and appointing additional CLMV focal points in each of the five strategic areas in each CLMV country. Where practical, the role of CLMV focal point should be assumed by the same position that represents the Member State at the lead sectoral body in each strategic area. CLMV focal points will therefore bring both country knowledge, subject matter expertise and ASEAN awareness to their roles, ensuring a strong understanding of the context for implementation. They can meet adjacent to the meetings of sectoral bodies, as appropriate, since the membership will be common, and will coordinate and collaborate between meetings to ensure knowledge sharing and drive progress in implementation. In each strategic area, the focal point from the CLMV country that holds the Chair of the IAI Task Force will be the lead focal point.

Ensure that sectoral bodies are engaged in the implementation of IAI in their strategic area.

26. Given that IAI Work Plan III aims to support the activities of sectors, it is important that sectoral bodies are directly engaged in implementation. The CLMV focal points will be encouraged to report to their relevant sectoral bodies at least annually. This will ensure that sectoral bodies are aware of the progress on IAI projects, and can provide advice on implementation and support resource mobilisation.

Dimension 2: Presence of core skills and finance

27. Mobilising resources – skills and financing – is essential for delivery and will be the major focus of implementation efforts at both national and regional level. The proponents of projects, namely, ASEAN-6, Dialogue Partners and external parties, will work in partnership with CLMV countries to develop and deliver projects. To ensure effective resource mobilisation, there will be a simplified, consistent process for development, recognition, implementation and completion of projects within IAI. The project life cycle is shown below in Exhibit 14.

EXHIBIT 14
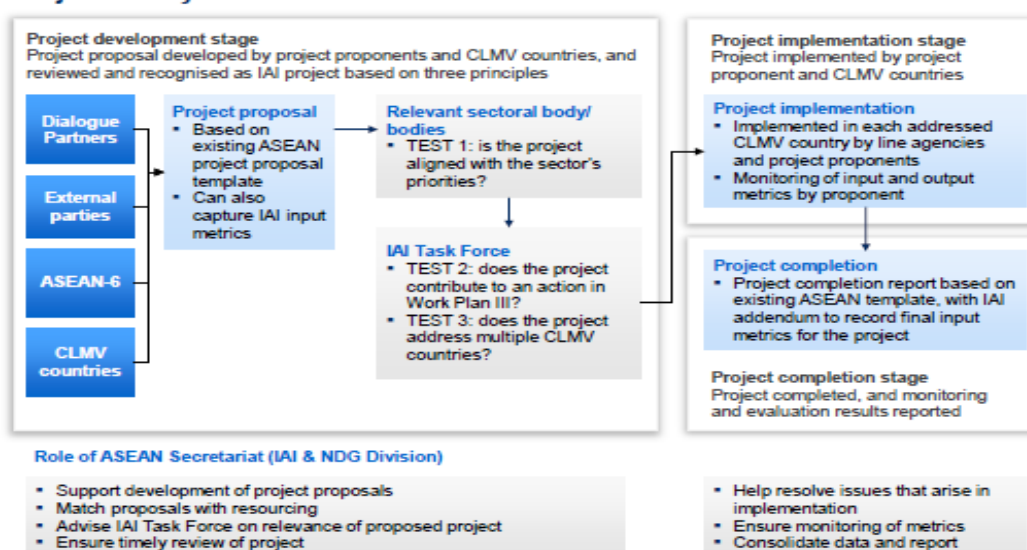
28. Developing the human resources of CLMV countries, in particular the capabilities of their officials, will also be a critical enabler for successful implementation. Specific changes in skills and financing under Work Plan III are explained in further detail below:

Establish a consistent project recognition process for all IAI projects.

29. A consistent project recognition process for all projects wishing to participate in IAI will ensure the transparency and coordination of IAI investments, and facilitate proper monitoring of project inputs and outputs. This replaces the previous mixed models of accreditation for Dialogue Partners, external parties, and ASEAN Member States. The IAI Task Force will accredit projects contributing towards the implementation of the IAI Work Plan III according to the Guidelines for IAI Projects, which appears as Annex C. Increase the skill base that supports IAI by further developing capabilities of CLMV officials.

30. The responsibility for implementation of IAI rests primarily with officials in CLMV countries. IAI Work Plan III will therefore continue to build their skills through a range of training and development opportunities. These will address specific skills gaps, such as project proposal development, and broader capabilities including good governance and GRP. Training programmes will be provided by ASEAN-6, Dialogue Partners and external parties, and will be notified to the ASEAN Secretariat to ensure coordination.

Dimension 3: Proactive stakeholder engagement

31. Proactive external engagement is particularly critical in IAI because projects undertaken by stakeholders (Dialogue Partners and external parties) will play an important role in the implementation of Work Plan III. Engagement with external stakeholders is also vital for coordination of activities, which ensures that resources are utilised efficiently and effectively. The existing institutional mechanism for consultation between the IAI Task Force and Dialogue Partners and external parties will continue. To further ensure that progress is maintained throughout the life of the Work Plan, stakeholders' forums will be organised to exchange information and encourage project commitments. Each group of CLMV focal points will also be encouraged to coordinate with stakeholders who are active in their strategic area.

32. Key measures in stakeholder engagement under Work Plan III are explained in further detail below:

Build strong stakeholder engagement, starting during work plan development and continuing through stakeholders' forums to share progress and generate project commitments.

33. The development of IAI Work Plan III has included strong and early engagement with stakeholders to understand their perspective on IAI. Dialogue Partners and multilateral organisations have already provided feedback on the relationship of their existing programmes and priorities with the Work Plan's five strategic areas and actions at the Stakeholders' Forum in Jakarta in March 2016. Those discussions will be continued informally by the ASEAN Secretariat and CLMV focal points.

34. Engagement with stakeholders will also be maintained through regular stakeholders' forums. These events will provide an opportunity to share progress on Work Plan III with the broader IAI community, identify gaps in implementation, and generate interest from stakeholders in project opportunities.

Encourage coordination with relevant external stakeholders (e.g., ADB, FAO, SEAMEO) in each strategic area.

35. Each group of CLMV focal points will be encouraged to coordinate with relevant sub-regional bodies such as the Greater Mekong Subregion, donor programmes and multilateral organisations within their strategic area. Coordination in each strategic area will ensure that knowledge and expertise is shared between all IAI stakeholders, and that resources are used most efficiently.

Dimension 4: Robust performance management

36. A regular and rigorous performance-tracking system and thorough work plan review are essential to ensure effective implementation of IAI Work Plan III. Proper monitoring and evaluation will also support resource mobilisation and engagement by building stakeholder confidence in IAI. The Work Plan contains three levels of metrics for holistic measurement. Project proponents will track their progress against these metrics, and the ASEAN Secretariat will consolidate results and assess overall outcomes (Exhibit 15). This information will be reported regularly to the IAI Task Force, and reviewed in detail at annual work plan reviews.

EXHIBIT 15
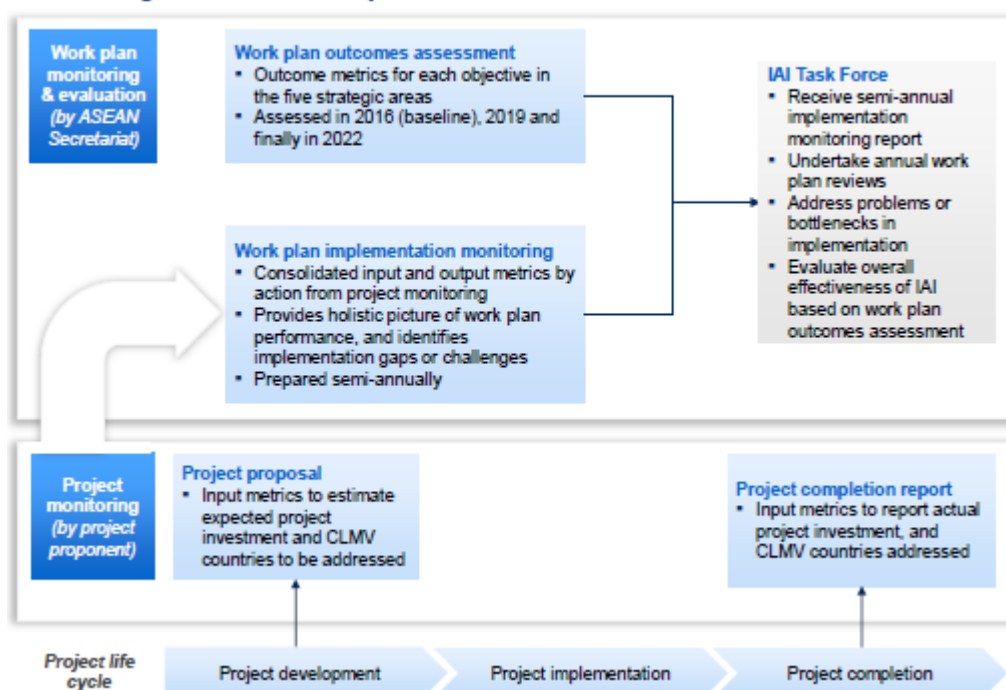


37. Specific changes to performance management under Work Plan III are explained in further detail below:

Develop Specific, Measureable, Attainable, Relevant and Time-bound (SMART) targets that ensure a holistic approach to assessing progress at the input, output and outcome level.

38. IAI Work Plan III includes three levels of metrics: input, output and outcome. This will ensure that progress is measured in multiple ways, compensating for the challenges inherent in any assessment process. Input and output metrics are attached to each action, and will check the implementation of the action (enabling actions will only be measured against input metrics). Outcomes metrics have been identified for each objective within a given strategic area, and will test the effectiveness of the actions in achieving overall progress. Details of the metrics to be used are contained in Annex B.

Ensure all project proponents undertake project monitoring and evaluation, and report results to IAI Task Force through the ASEAN Secretariat.

39. Project proponents will be responsible for monitoring and reporting inputs and outputs of their projects. Each action has common input metrics, and one or more specific output metrics (except enabling actions, which have only input metrics). The ASEAN Secretariat will ensure that project proponents:

    a) Indicate in the project proposal (using the existing ASEAN project proposal template) the expected investment and the number of CLMV countries which will benefit from the project (input); and

    b) Report at project completion (using the existing ASEAN project completion report template) on the final investment and the number of CLMV countries which benefitted from the project (input).

Provide IAI progress reports with consolidated input and output metrics semiannually, and assessment of outcome metrics in 2016, 2019 and 2022.

40. The ASEAN Secretariat will consolidate the input and output data provided by project proponents to produce a semi-annual work plan implementation monitoring report for the IAI Task Force on the status of all actions in the Work Plan. This will enable the Task Force to quickly identify actions that are complete or on track, and actions that are lagging and may need additional attention. The Task Force may wish to consider the inclusion of additional actions when appropriate during their quarterly meetings. The inclusion of additional actions and corresponding objectives and output(s) will be subject to endorsement from the IAI Task Force, in consultation with the relevant sectoral body, and will subsequently be recommended to the ASEAN Coordinating Council for approval. Outcome metrics, which change more slowly than output metrics, will be assessed and reported by the ASEAN Secretariat on three occasions: first in 2016 to establish a baseline; then in 2019, in preparation for the development of the next work plan; and finally in 2022, after the completion of IAI Work Plan III, to ensure the full impact of actions is measured.
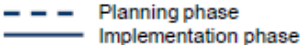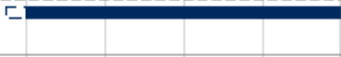
### 3.2. IMPLEMENTATION SCHEDULE
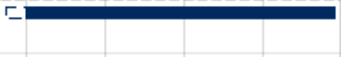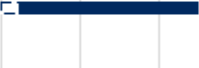
41. IAI Work Plan III will be implemented over a five-year period from 2016 to 2020, with a staggered start to actions to ensure the availability of appropriate resources. Each action includes a planning phase, to allow for resource mobilisation, project development and project recognition. The indicative timeframes for the implementation of each action are shown in Exhibit 16. This sequencing will be reviewed annually and amended as required by the IAI Task Force.

EXHIBIT 16

## IAI Work Plan III implementation schedule

Legend: - - - Planning phase · —— Implementation phase

| Action | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| **Food and Agriculture** | | | | | |
| I. Complete the implementation of ASEAN Good Agricultural Practices (GAP) by finalising GAP harmonisation, training farmers and developing certification processes | | ▬▬▬▬▬ | | | |
| II. Continue the implementation of ASEAN Good Aquaculture Practices (GAqP) by harmonising national standards, disseminating practices to producers and developing certification processes | | ▬▬▬▬▬ | | | |
| III. Commence the implementation of ASEAN Good Animal Husbandry Practices (GAHP) for Layers and Broilers, with a focus on improving the control and prevention of animal health diseases and zoonoses | | | ┌─┐▬▬▬ | | |
| IV. Disseminate techniques and technologies to reduce post-harvest losses in crop production, including in food processing | | | ┌─┐▬▬ | | |
| V. Exchange best practices and capacity building in improving water management and water-use efficiency in agriculture | | ┌─┐▬▬▬ | | | |
| VI. Further the development of national food security strategies through evaluating impact of existing policies and sharing best practices | | ▬▬▬▬▬ | | | |
| VII. Enhance capacity to diversify sources of food supply, stockpiling and other new possibilities of food sources for food imports | | ▬▬▬▬▬ | | | |
| **Trade Facilitation** | | | | | |
| I. Build the institutional capacity to identify and classify non-tariff measures into National Trade Repositories, and then reduce their incidence | | ▬▬▬ | | | |
| II. Complete the development of National Single Windows | | ▬▬▬▬▬ | | | |
| III. Strengthen the capability to conduct trade facilitation training programmes more systematically and regularly – including for customs | | | ┌─┐▬▬ | | |
| IV. Improve implementation of standards and conformance harmonisation measures by embedding Good Regulatory Practices (GRP) and developing conformance assessment capabilities | | | ┌─┐▬▬▬ | | |
| V. Strengthen capacity to meet the objectives set out in the World Trade Organization (WTO) Trade Facilitation Agreement | | ┌─┐▬▬▬ | | | |
| VI. Build capacity in understanding the legal General Principles underlying the World Trade Organization (WTO) system through technical assistance programmes in training and consultancy, for better understanding of the various processes, e.g. Panel Process, Dispute Settlement Mechanism and WTO Appellate Body Process | | ▬▬▬▬▬ | | | |

| Action | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| **MSMEs** | | | | | |
| I. Support access to finance for MSMEs by, inter alia, establishing and strengthening credit bureaus, and further developing credit guarantee systems | | | ⌐‑¬▬▬▬▬▬▬ | | |
| II. Broaden access to financial literacy and productivity training while increasing market awareness for MSMEs – with a focus on women and youth | | | ⌐‑¬▬▬▬▬▬ | | |
| III. Increase the capacity of business associations to partner with government in creating a conducive environment for MSMEs and to assist MSMEs to start and sustain their enterprises | | | ⌐‑¬▬▬▬▬ | | |
| IV. Reform the registration process for starting a business by streamlining permits and registration procedures and promoting Good Regulatory Practices | | ⌐‑¬▬▬▬▬ | | | |
| V. Provide support for the development of government policies and strategies to help in MSMEs' domestic and international expansion | ⌐▬▬▬▬▬▬▬▬▬▬ | | | | |
| **Education** | | | | | |
| I. Study the scale and causes of out-of-school children and assist in furthering the development of alternative approaches to increasing their access to basic education, with a particular focus on disadvantaged and marginalised groups | | ⌐‑¬▬▬▬▬▬ | | | |
| II. Develop the capacity necessary to enable participation in international testing programmes, including through training of teachers and provision of education materials | | | ⌐¬▬▬▬▬ | | |
| III. Complete the development of National Qualifications Frameworks (NQFs), and begin undertaking quality assurance activities in TVET and higher education | | ⌐‑¬▬▬▬▬▬ | | | |
| IV. Develop programmes to train primary school teachers in English language instruction | | | ⌐‑¬▬▬▬ | | |
| V. Develop programmes to provide English language training to government officials | ⌐▬▬▬▬▬▬▬▬▬▬▬ | | | | |
| **Health and Well-Being** | | | | | |
| I. Provide training to increase the number and coverage of accredited Skilled Birth Attendants (SBAs) | ⌐▬▬▬▬▬ | | | | |
| II. Develop national core capacities in public health and health security surveillance and response systems as per the World Health Organization's (WHO) International Health Regulations (IHR) monitoring framework | ⌐¬▬▬▬▬▬▬▬▬▬▬ | | | | |
| III. Enhance capacity for testing facilities to improve food safety | | ⌐‑¬▬▬▬▬ | | | |

Legend:
- - - Planning phase
—— Implementation phase