

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: ERCI

TA No., Country and Name:			Amount Approved: \$1,200,000	
TA 7249-REG: Strengthening the Capacity of the ASEAN Secretariat in Regional Economic Integration and Policy Dialogue—Phase 2			Revised Amount: N/A	
Executing Agency: Asian Development Bank (ADB)		Source of Funding: Regional Cooperation and Integration Fund	Amount Undisbursed: \$295,550.53	Amount Utilized: \$904,449.47
TA Approval Date: 9 March 2009	TA Signing 6 Nov 2009	Fielding of First Consultant: 10 March 2009	TA Completion Date Original: 31 August 2010 Account Closing Date Original: 31 August 2010	Actual: 31 December 2014 Actual: 21 May 2015
Description The ASEAN Secretariat (ASEC) is mandated by the ASEAN member countries to facilitate and monitor economic integration in the region, particularly the ASEAN Economic Community (AEC) to be created by 2015. But even as the demands on ASEC have increased with the growing pace and scope of economic integration, limited capacity has constrained its support. TA 7249—Phase 2 ¹ aimed to continue support for ASEC's capacity in ASEAN economic integration and policy dialogues.				
Expected Impact, Outcome and Outputs The TA's objective is strengthening the capacity of ASEC to facilitate and monitor the realization of the AEC by 2015. The TA was expected to improve the quality and effectiveness of ASEAN policy dialogues for ASEAN economic integration. It was expected to enhance the institutional capacity of ASEC to facilitate and coordinate the achievement of (i) a single market and production base; (ii) a competitive economic region; (iii) equitable economic development in the region; and (iv) an ASEAN that is more integrated into the global economy. The TA supported two major activities: research and capacity development for ASEC. A Memorandum of Agreement (MOA) between ADB and ASEC was signed on 6 November 2009, which set the terms and conditions to implement agreed activities. Key outputs consisted of (a) studies and macroeconomic surveillance reports on ASEAN economic integration; and (b) capacity development programs including supporting ASEC officials' participation in training programs organized by ADB and other IFIs, ASEC conducting training events for ASEC member countries, as well as support for Myanmar's chairmanship of ASEAN.				
Delivery of Inputs and Conduct of Activities Funds under the TA were divided between ADB and ASEC according to the MOA ² . To carry out the TA activities, ASEC hired 9 international consultants on lump sum basis (except the one to facilitate ASEAN surveillance work for 25 months who was based in Jakarta) and 3 national consultants for 24 months (based in Jakarta), to support (i) ASEAN's economic surveillance work, (ii) conduct studies and researches on ASEAN economic integration, and (iii) coordinate TA activities with relevant parties/agencies. ADB engaged 4 international consultants with 24 person-months inputs and 8 national consultants (based in Manila) with 39 person-months inputs, at the early stage of the TA, to carry out researches and TA administration (function of TA administration was transferred to ASEC later). All the consultants were engaged as individual consultants. As stipulated by the MOA, engagements of consultants by ASEC were undertaken in accordance with ASEC's guidelines with endorsement by ADB. For ADB, all the consultants were engaged in accordance with ADB's <i>Guidelines on the Use of Consultants</i> . The composition of international and national consultants, in terms of their expertise, was well-balanced. The outputs produced by the consultants were satisfactory. Due to (i) substantial delay of the MOA signing, (ii) delay in recruiting international consultants by ASEC, (iii) ASEC organizational realignment in 2012, and (iv) a new Memorandum of Understanding between ADB and ASEC signed in April 2012, several minor changes in scope and requests for extensions of the TA completion date were approved from 2010–2014. Overall, the TA has supported the following main activities:				
(i) ASEC (prior to 2012) macroeconomic surveillance work.				

¹ Phase 1 is TA 6393 with the same title, which was approved on 10 April 2007 and completed in February 2009.

² Under the MOA, out of the \$1.2 million total funds, \$900,000 were to be allocated to ASEC through two tranches, with expenditures to be submitted to ADB for liquidation in the form of Statement of Expenditures (SOEs); \$300,000 were to be managed by ADB. ASEC did not use up the \$900,000. ADB nearly used up the \$300,000.

- (ii) Ten studies to support the AEC process: (1) Furthering a GCC-ASEAN FTA; (2) Bridging the Pacific: A Study on the Possible Options and Approaches for the ASEAN-MERCOSUR Free Trade Arrangements; (3) Impact Analysis of the ASEAN-People's Republic of China Free Trade Area; (4) A Study on the ASEAN Import Licensing Procedures; (5) Increasing the Competitiveness in Food, Agriculture and Forestry in Cambodia, Lao PDR, Myanmar and Viet Nam and Closing the Development Gap; (6) Implication of Hong Kong's Accession to the ASEAN-China Free Trade Agreement; (7) A study on the "Implication of Timor-Leste's Accession to ASEAN Economic Agreements"; (8) "Assessing the Region-Wide Impact of an ASEAN-Hong Kong Free Trade Agreement"; (9) "Scoping Study on the Regional Comprehensive Economic Partnership"; and (10) "Communicating AEC 2015: Key Messages and Strategies".
- (iii) Two training events organized by ASEC: (1) "Workshop on Understanding the Performance Requirements on Trade Related Investment Measures" in Brunei Darussalam on 1–2 July 2013, and (2) The ASEAN Services Forum in Manila, Philippines, on 17–18 July 2013. The TA also supported the Myanmar Government (as ASEAN Chair) in organizing the Financial Inclusion Conference in November 2014.
- (iv) ASEC senior officials' attendance at related international seminars and ASEC officials' participation in a series of training programs organized by ADB and other institutions, such as on economic and financial monitoring, developing sustainable government bond market, and new issues in trade integration.

Evaluation of Outputs and Achievement of Outcome

The TA generated macroeconomic surveillance reports and studies/research reports on ASEAN economic integration that were well received and appreciated at various ASEAN meetings including the ASEAN Summits. All the findings of the 10 studies have been presented to the ASEAN meetings, and provided related policy recommendations to ASEAN on various issues related to the AEC. The ASEAN member countries expressed their appreciation to ADB's support in facilitating the AEC process through these studies.

The two ASEC-organized training workshops in July 2013 on ASEAN investment and services related issues (mentioned above) attracted a total of 120 participants from the ASEAN member countries. The findings from the two workshops provided useful inputs for ASEAN policy makers in the implementation/enhancement of the ASEAN Comprehensive Investment Agreement and the ASEAN Framework Agreement in Services, as well as for the Regional Comprehensive Economic Partnership (RCEP) services and investment negotiations. Through participating in the various training programs, ASEC staff gained a better understanding of the AEC issues, their related capacities were also improved.

Overall Assessment and Rating

The overall assessment of the TA is successful. The TA engaged consultants and experts who were able to deliver the planned studies/researches which provided inputs and policy recommendations for the ASEAN member countries in monitoring and facilitating the AEC process. The training programs participated by the ASEC staff have increased their exposure to new issues (e.g., trade, economic and financial monitoring), and enhanced their ability to deal with AEC issues to a certain extent. The training programs delivered by the ASEC have enhanced ASEC's ability in organizing and coordinating on the investment and services issues for ASEAN. Overall, the partnership between ADB and ASEC has been strengthened through this TA.

Major Lessons

Major lessons of the TA include: (i) the peculiar design of the TA—disbursing funds to ASEC in tranches with liquidation through SOEs later—made the TA one of the most costly TA in terms of administration. Tremendous efforts have been undertaken in clearing old files to liquidate long overdue ASEC expenditures instead of focusing on the substance. (ii) The actual capacity of ASEC should have been taken into consideration when designing the TA including making the TA longer in validity so that numerous extensions could have been avoided. (iii) From the administration point of view, an earlier closure of the TA would ensure the completion of more focused activities as originally designed.

Recommendations and Follow-Up Actions

Given that AEC is going to be realized by 2015, and ASEC's capacity is still weak, appropriate capacity related support to ASEC is still necessary to help ASEC better in supporting the AEC process. Follow-on TAs may be necessary, but the focus should be to support ASEC in dealing with challenges beyond 2015. Given that SERD is currently ADB's focal point for ASEC, any future TAs in support of ASEC should be led by SERD.

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