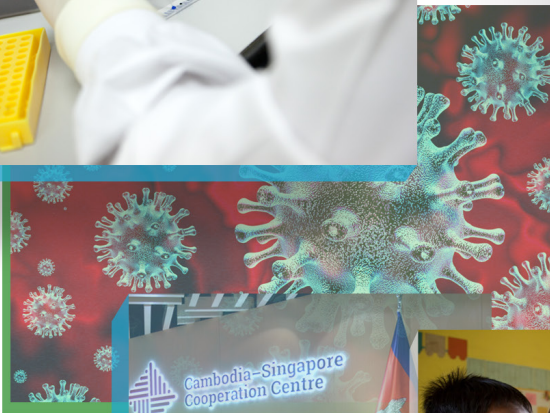


# INITIATIVE FOR ASEAN INTEGRATION (IAI) WORK PLAN IV (2021-2025)



one vision  
one identity  
one community





# **Initiative for ASEAN Integration (IAI) Work Plan IV (2021-2025)**

The ASEAN Secretariat  
Jakarta

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

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Catalogue-in-Publication Data

**Initiative for ASEAN Integration (IAI) Work Plan IV (2021-2025)**

Jakarta: ASEAN Secretariat, November 2020

337.59

1. ASEAN – NDG – Food & Agriculture
2. Trade Facilitation – MSMEs – Education – Health

ISBN 978-602-5798-89-4

ISBN 978-602-5798-89-4



**ASEAN: A Community of Opportunities for All**

Front cover image by Lightspring/Shutterstock.com for coronavirus; Ministry of Foreign Affairs, Republic of Singapore for Singapore Cooperation Centre.

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General information on ASEAN appears online at the ASEAN Website: [www.asean.org](http://www.asean.org)

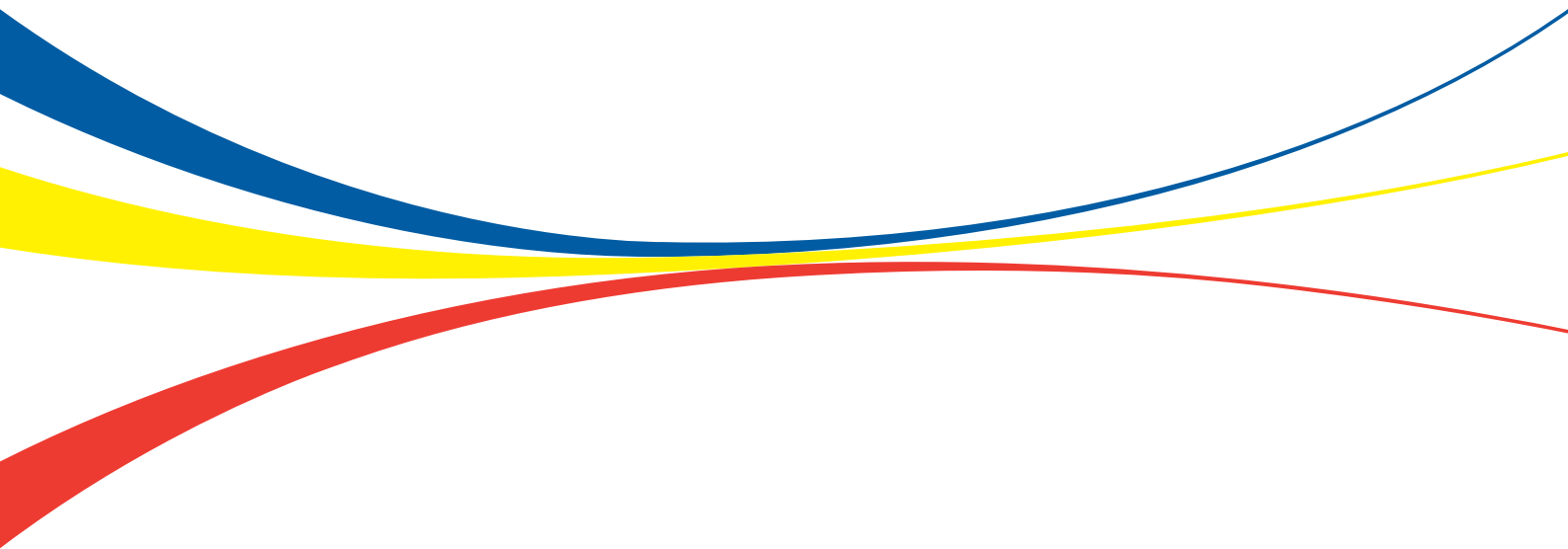
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**HA NOI DECLARATION ON THE  
ADOPTION OF THE INITIATIVE FOR  
ASEAN INTEGRATION (IAI)  
WORK PLAN IV (2021-2025)**







# HA NOI DECLARATION ON THE ADOPTION OF THE INITIATIVE FOR ASEAN INTEGRATION (IAI) WORK PLAN IV (2021-2025)

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**WE**, the Heads of State/Government of the Member States of the Association of Southeast Asian Nations (thereinafter referred to as ASEAN), namely, Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Republic of the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Viet Nam, on the occasion of the 37<sup>th</sup> ASEAN Summit;

**UPHOLDING** the Initiative for ASEAN Integration launched at the Fourth Informal Summit in Singapore in 2000 and Ha Noi Declaration on Narrowing Development Gap for Closer ASEAN Integration in 2001, which provided direction on collective efforts in ASEAN to narrow the development gap within ASEAN and between ASEAN and the rest of the world, and to enhance ASEAN's competitiveness as a region;

**ENCOURAGED** by the significant progress achieved by Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV countries) in the past twenty years, and the contribution of capacity building and technical assistance under IAI Work Plans I, II and III to the CLMV countries' development;

**NOTING** the prevalent development gaps which still exist within and among ASEAN Member States;

**RECOGNISING** the emerging challenges and priorities brought about by global and regional developments and trends, such as the Fourth Industrial Revolution and the adverse impact of the COVID-19 pandemic, as well as the need to effectively respond to these challenges in narrowing the development gap;

**REAFFIRMING** the commitment made in the Kuala Lumpur Declaration on ASEAN 2025: Forging Ahead Together in 2015 to strengthen efforts and cooperation in advancing regional integration and reducing the development gap through, among others, the Initiative for ASEAN Integration;

**COMMENDING** the work of the IAI Task Force in the formulation of the IAI Work Plan IV (2021-2025);

**EXTENDING** our appreciation to ASEAN's partners for supporting the implementation of past IAI Work Plans and **LOOKING FORWARD** to a stronger partnership in the IAI Work Plan IV (2021-2025);

## **DO HEREBY:**

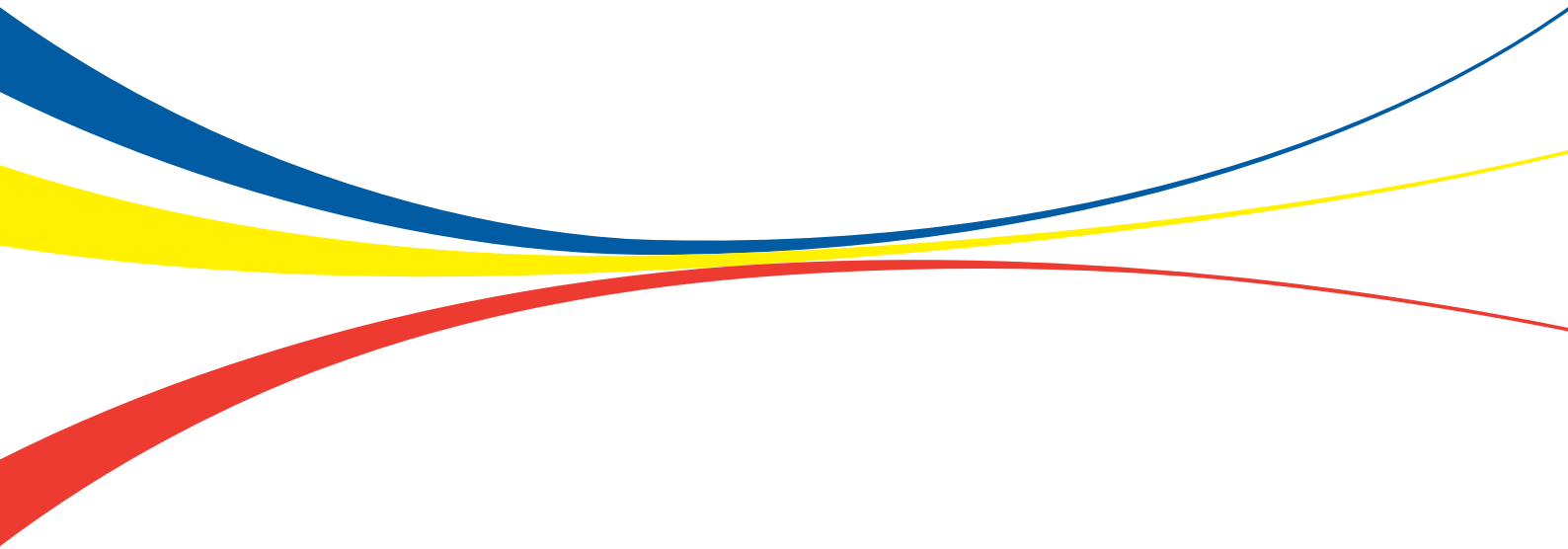
- 1. ADOPT** the IAI Work Plan IV (2021-2025), which aims to promote effective cooperation and mutual assistance to narrow the development gap among ASEAN Member States as well as between ASEAN and the rest of the world, devoting special efforts and resources

to assist CLMV countries to meet ASEAN-wide targets and commitments towards realising the goals of the ASEAN Community;

2. **AGREE** that this Work Plan succeeds the IAI Work Plan III, and together they constitute an integral part of the *ASEAN 2025: Forging Ahead Together*;
3. **AFFIRM** that this Work Plan shall contribute towards the implementation of the ASEAN Comprehensive Recovery Framework in increasing the capacity and resilience of public health systems, education systems, micro, small and medium enterprises (MSMEs) as well as key economic sectors such as agriculture and trade, and in preparing ASEAN, particularly the CLMV countries, for economic and social transformation towards a comprehensive recovery from the impact of the COVID-19 pandemic and stronger ASEAN resilience;
4. **RESOLVE** that ASEAN Member States shall mobilise resources along with ASEAN's partners and external parties, including international organisations and the private sector, to implement the Work Plan in a timely and effective manner;
5. **TASK** relevant ASEAN Sectoral Bodies to support implementation of the Work Plan particularly in areas under their respective purview; and
6. **MANDATE** the IAI Task Force to coordinate, monitor and report the progress of implementation of the IAI Work Plan IV (2021-2025) to the ASEAN Summit annually, through the ASEAN Coordinating Council.

**ADOPTED** at the Summit, this Twelfth day of November in the Year Two Thousand and Twenty, in a single original copy in the English Language.

**INITIATIVE FOR ASEAN INTEGRATION (IAI)  
WORK PLAN IV (2021-2025)**





## Executive Summary

The Initiative for ASEAN Integration (IAI), launched at the Fourth ASEAN Informal Summit in Singapore in 2000, aims to narrow the divide within ASEAN and enhance ASEAN's competitiveness as a region. The IAI helps ASEAN's newer Member States implement ASEAN commitments and agreements. Under the 2001 Ha Noi Declaration on Narrowing the Development Gap for Closer ASEAN Integration, the Foreign Ministers of ASEAN declared to narrow the development gap within ASEAN and between ASEAN and the rest of the world for the sake of dynamic and sustained growth of the region and prosperity of ASEAN. The Ha Noi Declaration called for special assistance to Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) countries, to further regional integration in order to narrow the development gap within ASEAN.

IAI has so far seen the adoption of three Work Plans. Work Plan I, from 2002 to 2008, comprised 232 projects in four areas. Work Plan II, from 2009 to 2015, included 182 actions aligned with the three ASEAN Community Blueprints 2015. Work Plan III contained 26 actions across five strategic areas. The Implementation Review of Work Plan III showed that CLMV countries have improved in absolute terms across 60 percent of outcome metrics, but the overall development gap to other ASEAN Member States (AMS) remains significant. Another key finding was the low level of project development by CLMV countries linked to capacity constraints. Therefore, Work Plan IV will provide additional support to CLMV countries to develop project proposals.

IAI Work Plan IV has been developed in close collaboration with CLMV countries, other AMS and stakeholders, and is aligned with the ASEAN Community Vision 2025 and the various sectoral Work Plans. Furthermore, IAI Work Plan IV has given significant consideration to the impacts of the COVID-19 pandemic, which is expected to persist and impact CLMV countries in the coming years. For example, the COVID-19 pandemic has increased the urgency for countries to deepen the capacity and resiliency of their public health systems. Similarly, increased digital adoption in micro, small and medium enterprises (MSMEs) and schools could accelerate business recovery, and ensure that students continue to receive an education when traditional delivery channels are compromised. Work Plan IV must also be flexible to accommodate new developments and other emerging trends in the next five years.

### THE STRATEGIC FRAMEWORK FOR IAI WORK PLAN IV

In Work Plan IV, the IAI continues to promote effective cooperation and mutual assistance to narrow the development gap among AMS and between ASEAN and the rest of the world, devoting special efforts and resources to assist CLMV countries to meet ASEAN-wide targets and commitments towards realising the goals of the ASEAN Community. To achieve this vision, the five strategic areas from IAI Work Plan III will be retained, with refreshed actions, as follows:

- **Food and Agriculture.** With two-thirds of the population in the CLMV countries still residing in rural areas and depending heavily on the agriculture sector for employment and income, the food and agriculture sector remains a critical economic pillar of CLMV countries. However, the pace of agricultural reforms continues to be slow, while biodiversity challenges (including land degradation and water scarcity) have contributed to declining productivity. Women, who represent between 48-78 percent of agricultural

workers in CLMV countries, are particularly at risk of experiencing a loss of livelihoods if these challenges remain unaddressed. There remain many opportunities to improve the competitiveness and inclusiveness of the agriculture sector in CLMV countries, including in areas such as enhancing smallholder market access and reducing post-harvest loss.

- **Trade Facilitation.** Actions to simplify trade procedures, harmonise national standards with international standards and mitigate the trade distortive effects of non-tariff measures, will help to promote more cross-border trade which ultimately benefits the livelihoods of people in CLMV countries. Rising concerns over the potential economic impact from trade protectionist policies in major economies also imply the need for CLMV countries to develop more conducive trade environment to maximise trade flows. As CLMV countries continue to lag the ASEAN-6 on various trade-related competitiveness indicators, they are likely to benefit from assistance in trade facilitation, potentially helping them integrate more deeply into the ASEAN Economic Community. Such assistance includes support to help CLMV countries meet commitments under the World Trade Organization (WTO) and World Customs Organization (WCO).
- **Micro, small and medium enterprises.** MSMEs in CLMV countries account for the vast share of establishments and employment but suffer from low productivity due to challenges including the lack of financial and human resources, higher compliance costs and smaller networks. A number of opportunities exist to enhance a policy environment that will support and facilitate MSMEs to adopt sustainable growth in CLMV countries, including removing barriers for women entrepreneurs, upskilling and reskilling of workers, and enabling the digitalisation and internationalisation of MSMEs through business and technological innovation. Promoting MSMEs is a major ASEAN priority with a range of regional initiatives in progress. CLMV countries will need additional support to implement these measures.
- **Education.** Developing human capital remains a key challenge in CLMV countries. While primary school enrolment and completion rates in CLMV countries are now comparable to other AMS, secondary and tertiary enrolment rates lag considerably. The previous Work Plan included efforts to expand education access to disadvantaged and marginalised groups, but more needs to be done to further bridge the gap in access – an area where the adoption of digital tools to facilitate online learning may potentially help. For example, while the proportions of girls and boys attending basic and secondary education in CLMV countries are similar, the share of girls in higher education remains low in several CLMV countries. This trend could reduce social mobility of women and perpetuate gender disparities. This is consistent with the ASEAN Socio-Cultural Community (ASCC) Blueprint 2025 in its measures to improve access and quality in basic education. Other opportunities exist to assist CLMV countries to enhance the quality of Technical and Vocational Education and Training (TVET) and basic education, increase regional student mobility with a particular focus on higher education and TVET education, increase the adoption of alternative learning channels and improve English language training standards.
- **Health and Well-being.** Improving healthcare outcomes is critical as it promotes higher labour productivity and overall living standards - a major goal of the ASCC Blueprint 2025. While CLMV countries have made significant recent progress in some areas such as infant and maternal health, there is still an overall large development gap in health

and well-being indicators vis-à-vis other AMS. Emerging challenges for CLMV countries include the need to address non-communicable diseases and to strengthen public health systems to deal with pandemics and disasters, particularly in rural and remote areas in CLMV countries, where access to health services remains limited. This challenge is exacerbated by the long-term health risks from the COVID-19 pandemic, which remains a constant threat to public health systems until an effective and affordable vaccine is created and distributed.

Apart from the actions identified in the five strategic areas, four enabling actions have also been identified to support the development of capacity within the CLMV countries to implement the Work Plan. These are: i) Raise awareness of and promote sustainable development, particularly in areas related to urbanisation, the circular economy and energy systems; ii) Capacity building for government officials to share best practices in administration, public policy, governance and regulatory development; iii) Improve data collection and analysis capabilities to enable more effective policymaking; and iv) Strengthen the role of social work in realising a people-oriented, people-centred and inclusive ASEAN Community.

In addition, three issues - Industry 4.0, Gender and Social Inclusion (GESI) and Environmental Sustainability – are crucial to the CLMV's socioeconomic development in the next five to ten years:

- **Industry 4.0.** Digitalisation and technological advancement create new opportunities to improve productivity, revamp business models and raise overall living standards in CLMV countries. However, there remains a large gap in digital adoption in CLMV countries relative to the best performing AMS. If digital adoption is not accelerated, CLMV countries could miss out on opportunities brought about by ASEAN's internet economy, which is estimated to reach US\$200 billion by 2025.<sup>1</sup>
- **Gender and Social Inclusion.** The reporting for the United Nations (UN) Sustainable Development Goals (SDGs) has shown that income inequality has increased in most CLMV countries.<sup>2</sup> For example, discrimination towards women in public positions and vulnerable employment persists.<sup>3</sup> Additional interventions are needed to promote gender equality and equity to ensure that gender perspectives and the interests, needs and priorities of both women and men are taken into consideration, and that marginalised communities are empowered in achieving more inclusive growth in the CLMV countries.
- **Environmental Sustainability.** CLMV countries are lagging other AMS in terms of taking steps on environmental protection – assistance is required to help them fulfil their international commitments such as the UN SDGs.

Due to the cross-cutting nature of these three issues, they are not included as strategic areas in the IAI Work Plan IV but will be embedded into actions of the strategic areas, the enabling actions, as well as in the project delivery and monitoring, reporting and evaluation (MRE) approaches.

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<sup>1</sup> ASEAN Declaration on Industrial Transformation to Industry 4.0, ASEAN Secretariat, 2019.

<sup>2</sup> Asia and the Pacific SDG Progress Report 2020, UNESCAP, 2020.

<sup>3</sup> Progress Report on Women's Rights and Gender Equality, ASEAN Secretariat, 2019.

## THE IMPLEMENTATION APPROACH FOR IAI WORK PLAN IV

The implementation approach introduced in the IAI Work Plan III is strengthened in the IAI Work Plan IV, based on the recommendations from the Implementation Review of IAI Work Plan III. There are four critical areas to support effective and efficient implementation of Work Plan IV:

- 1. Clear governance and ownership.** At the regional level, the IAI Task Force maintains primary governance and responsibility for IAI, reporting to the ASEAN Leaders through the ASEAN Coordinating Council. At the national level, National Coordinators will be responsible for IAI planning and activities, and are supported by Focal Points of the five strategic areas.
- 2. Effective project delivery.** IAI Work Plan IV will retain the simple and consistent process for development, recognition, implementation and completion of projects within IAI. Lessons learnt from the previous IAI Work Plan include having early engagement with ASEAN sectoral bodies and stronger support for concept development during the project development stage. CLMV countries will be required to nominate Project Focal Points to support the implementation of projects, strengthening communication channels and monitoring the impact of completed projects during the project implementation stage. At the project development and completion stages, information on how the project has addressed the cross-cutting issues highlighted earlier – namely, Industry 4.0, GESI and Environmental Sustainability.
- 3. Proactive stakeholder engagement.** The existing institutional mechanism for consultation between the IAI Task Force and ASEAN Partners and external parties will continue in IAI Work Plan IV. Enhancing linkages among the National Coordinators, Focal Points, implementing agencies and line agencies from CLMV countries will be enhanced through more regular meetings. Similarly, active engagement with the private sector during project development (e.g. project conceptualisation and getting feedback on project proposals) and project implementation stages (e.g. capturing the private sector viewpoints) of the project life cycle is underscored.
- 4. Robust performance management.** IAI Work Plan IV will be assessed on three levels through input, output and outcome metrics, which will be reported to the IAI Task Force on a regular basis. The MRE process for output metrics in IAI Work Plan IV will be guided by the *Guidelines on Reporting of Output Data*, which assigns the roles and responsibilities of all stakeholders involved.



# Chapter 1: Introduction

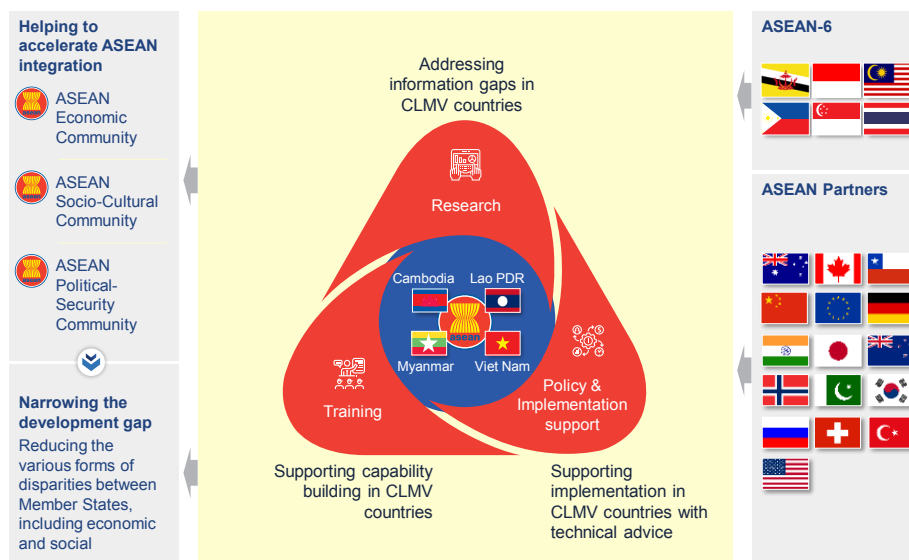
## 1.1 THE INITIATIVE FOR ASEAN INTEGRATION

Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) countries are the newer ASEAN Member States (AMS), joining during the 1990s. While all have experienced rapid growth over the past decade, CLMV countries still have the lowest per capita incomes among AMS.<sup>4</sup> During the same period, the scale and complexity of ASEAN commitments and agreements have grown substantially, as regional integration gathers pace.

Given their levels of development, CLMV countries face potential 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 AMS and ASEAN 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 and achieve development progress



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

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

<sup>4</sup> GDP per capita (current US\$), World Bank Database, 2020. See: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=Z4-8S-Z7>

- **IAI Work Plan II.** The second Work Plan began in 2009 and continued until the commencement of Work Plan III.<sup>5</sup> It was 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).
- **IAI Work Plan III.** The third Work Plan was officially launched at the 28<sup>th</sup> ASEAN Summit in September 2016. It contained 26 actions across five strategic areas: “Food and Agriculture”, “Trade Facilitation”, “Micro, Small and Medium Enterprises (MSMEs)”, “Education”, and “Health and Well-being”, as well as six enabling actions.

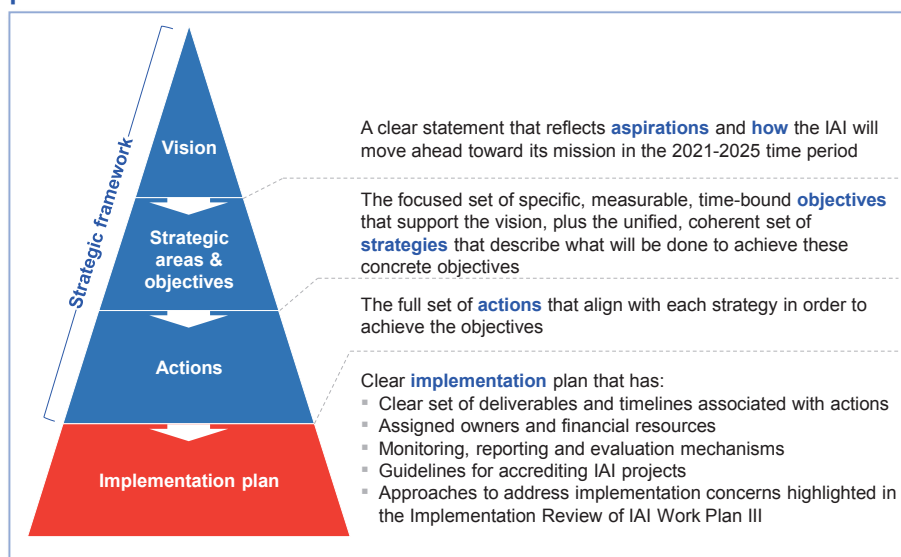
## 1.2 STRUCTURE OF IAI WORK PLAN IV

IAI Work Plan IV is composed of two parts (Exhibit 2):

- The strategic framework for IAI Work Plan IV outlines the IAI agenda for the next five years (2021-2025). It contains the vision for IAI, priority strategic areas and objectives, and specific actions within each strategic area, and is described in Chapter 2.
- The implementation approach of the strategic framework is explained in Chapter 3, including governance and ownership arrangements, project delivery, stakeholder management, and monitoring, reporting and evaluation (MRE).

### EXHIBIT 2

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



<sup>5</sup> 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.

# Chapter 2: Strategic Framework

## 2.1 VISION

The IAI's vision is to narrow the divide within ASEAN and enhance ASEAN's competitiveness as a region. The IAI assists CLMV countries to meet ASEAN-wide targets and commitments towards realising 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. For example, the Implementation Review of IAI Work Plan III noted that CLMV countries achieved significant progress during the assessment period, with 60 percent of the outcome metrics tracked across the five strategic areas improving in absolute terms.<sup>6</sup> It also remains critically relevant given the large development gaps that still exist between AMS, with CLMV countries only narrowing the gap to the best performing AMS in 43 percent of the outcome metrics tracked. 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*.<sup>7</sup> Furthermore, the COVID-19 pandemic has significant implications on policies needed to address the challenges to human well-being and economic development. For example, the COVID-19 pandemic has increased the urgency for countries to deepen the capacity and resiliency of their public health systems. Similarly, increased digital adoption in MSMEs and schools could accelerate business recovery and ensure that students continue to receive education when traditional delivery channels are compromised. Furthermore, women have been more adversely affected by the pandemic as they tend to work in economic sectors (e.g. retail, hospitality, real estate) that have experienced the greatest economic contractions.<sup>8</sup> In this light, the assistance provided by the IAI is even more relevant to support countries progress towards meeting the United Nations 2030 Agenda for Sustainable Development.

## 2.2 STRATEGIC AREAS OF IAI WORK PLAN IV

To ensure that the IAI supports the ASEAN agenda, it is important for IAI Work Plan IV to align with *ASEAN 2025: Forging Ahead Together* and associated Blueprints, as well as sectoral work plans (see Annex A for details). The structure of the IAI Work Plan IV is based around the five strategic areas, i) Food and Agriculture, ii) Trade Facilitation, iii) MSMEs, iv) Education, and v) Health and Well-being (Exhibit 3), as per IAI Work Plan III (2016-2020). There is a strong case to retain the five strategic areas from the previous Work Plan because they: remain relevant to the ASEAN Community Blueprints; address the needs of CLMV countries; are aligned to CLMV priorities; are not fully addressed in other cross-sector plans; are aligned to donor priorities; have a strong potential for the IAI to support monitoring of activities; and could address trends that are most relevant to CLMV countries in the coming years. As shown in Exhibit 4, these five strategic areas have been mapped with the three Community Pillars – AEC, ASCC and APSC. The actions proposed in IAI Work Plan IV support the work plans of the respective sectoral bodies.

Apart from the objectives identified in the five strategic areas, four enabling actions have also been identified to support the development of capacity within the CLMV countries to implement

<sup>6</sup> *Review of IAI Work Plan III and the Monitoring, Reporting and Evaluation (MRE) System*, ASEAN Secretariat, 2019.

<sup>7</sup> *ASEAN 2025: Forging Ahead Together*, ASEAN Secretariat, 2015.

<sup>8</sup> *COVID-19 could wipe out gains in equality for women at work - U.N.*, World Economic Forum, 2020.

the Work Plan. These enabling actions will provide support for other areas in the development agenda and were developed in consultation with CLMV countries to ensure that projects fulfil the needs and requirements of the countries.

In defining the strategic areas for IAI Work Plan IV, other potential themes such as Industry 4.0, Gender and Social Inclusion (GESI), Environmental Sustainability, Sustainable Urbanisation and Infrastructure Development were taken into consideration to reflect their growing importance to the overall development agenda of ASEAN, and the CLMV countries in particular. Sustainable Urbanisation and Infrastructure Development were excluded because projects in these areas do not typically fit the capacity-building type of assistance under the IAI. Three others - Industry 4.0, GESI and Environmental Sustainability - will not be included as strategic areas due to their cross-cutting nature, but will be embedded into actions of the five strategic areas, the enabling actions, as well as in the project delivery and MRE approaches.

- **Industry 4.0.**<sup>9</sup> Digitalisation and technological advancement create new opportunities to improve productivity, revamp business models and raise overall living standards in CLMV countries. However, there remains a large gap in digital adoption in CLMV countries relative to the best performing AMS. For example, based on the World Bank's Digital Adoption Index, CLMV countries scored at least 30 percent lower than the best performing AMS. If digital adoption is not ramped up, CLMV countries could miss out on opportunities brought about by ASEAN's internet economy, which is estimated to reach US\$200 billion by 2025.<sup>10</sup>
- **Gender and Social Inclusion.** Supporting the development of an inclusive community is a major objective of the ASCC Blueprint 2025.<sup>11</sup> This is echoed in the APSC Blueprint 2025's goal of promoting and protecting human rights, especially women and children, and the AEC Blueprint 2025's objective of facilitating the participation of women and the youth in the economy in order for them to benefit from economic integration.<sup>12</sup> While significant effort has been made to address inequality, the reporting for the Sustainable Development Goals (SDGs) has shown that income inequality has increased in most CLMV countries.<sup>13</sup> Furthermore, discrimination towards women in public positions and vulnerable employment persists.<sup>14</sup> Additional interventions are needed to promote gender equality and equity to ensure that gender perspectives and the interests, needs and priorities of both women and men are taken into consideration and that marginalised communities are empowered in achieving more inclusive growth in the CLMV countries. The concerns of women and men from all social groups (ethnicity, economy, age, disability, geographic locations) as an integral dimension will be fully mainstreamed in the design and implementation across the five strategic areas and the enabling actions.
- **Environmental Sustainability.** Promoting sustainability is aligned with ASEAN's commitment to meet the SDGs. CLMV countries are lagging other AMS in this area. For example, the performance of CLMV countries on the Environmental Performance Index,

<sup>9</sup> First conceptualised to describe data exchange technologies used in manufacturing, this term is now widely used to refer to technologies applied across all sectors; technologies include cyber-physical systems, the Internet of Things (IoT), Artificial Intelligence (AI), cloud computing and cognitive computing. Definition taken from: <https://www.electronicsonline.com/info/2017/04/04/industry-4-0-definition-industry-4-0-revolution/>

<sup>10</sup> ASEAN Declaration on Industrial Transformation to Industry 4.0, ASEAN Secretariat, 2019.

<sup>11</sup> ASEAN Socio-Cultural Community Blueprint 2025, ASEAN Secretariat, 2015.

<sup>12</sup> ASEAN Political-Security Community Blueprint 2025, ASEAN Secretariat, 2015 and ASEAN Economic Community Blueprint 2025, ASEAN Secretariat, 2015.

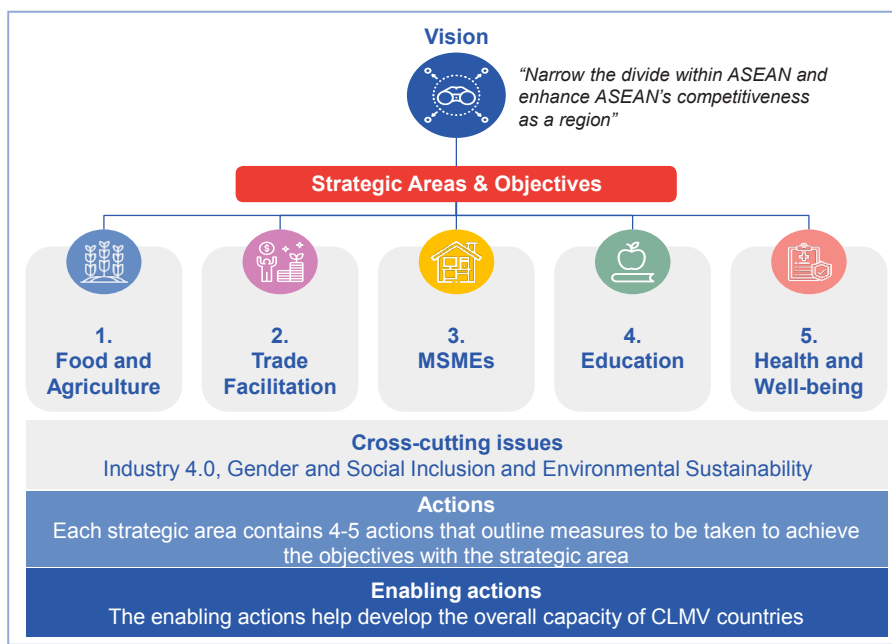
<sup>13</sup> Asia and the Pacific SDG Progress Report 2020, UNESCAP, 2020.

<sup>14</sup> Progress Report on Women's Rights and Gender Equality, ASEAN Secretariat, 2019.

which measures environmental governance and policymaking around environmental issues, has declined since 2016.<sup>15</sup> It is critical to further support CLMV countries to meet their commitments.

### EXHIBIT 3

#### IAI Work Plan IV



### EXHIBIT 4

#### Strategic areas in IAI Work Plan IV have a strong focus across one or more ASEAN Community Blueprints

■ Strong focus (one of top priorities of the development plans)  
■ Some focus (some mention but not a priority in the development plans)  
■ Limited focus (no specific mention in the development plans)

Strategic area	Relevance to ASEAN Community Blueprints			Relevant plans (non exhaustive)
	AEC	ASCC	APSC	
Food and Agriculture				<ul style="list-style-type: none"> <li>Vision and Strategic Plan for ASEAN cooperation in Food, Agriculture and Forestry (2016-2025)</li> <li>IAI Work Plan III</li> </ul>
Trade Facilitation				<ul style="list-style-type: none"> <li>ASEAN Standards and Conformance Strategic Plan 2016-2025</li> <li>AEC 2025 Trade Facilitation Strategic Action Plan</li> <li>2019 ASEAN Work Programme on Trade Facilitation ATF-JCC Priorities</li> <li>2020 ASEAN Work Programme and Priorities on Trade Facilitation</li> <li>IAI Work Plan III</li> </ul>
MSMEs				<ul style="list-style-type: none"> <li>ASEAN Strategic Action Plan for SME Development 2016-2025</li> <li>IAI Work Plan III</li> </ul>
Education				<ul style="list-style-type: none"> <li>ASEAN 5 Year Work Plan on Education (2016-2020)</li> <li>IAI Work Plan III</li> </ul>
Health and Well-being				<ul style="list-style-type: none"> <li>ASEAN Post-2015 Health Development Agenda</li> <li>IAI Work Plan III</li> </ul>

<sup>15</sup> *Environmental Performance Index*, Yale Center for Environmental Law & Policy, 2019. See <https://epi.yale.edu/epi-results/2020/component/epi>

The five strategic areas prioritised for IAI Work Plan IV, and the associated objectives and actions, are detailed in sections 2.3 to 2.7 (specific outputs and outcomes associated with the actions and objectives are shown in Annex B).

## 2.3 FOOD AND AGRICULTURE

The food and agriculture sector remains a key pillar of economic output and livelihoods in CLMV countries. Even though the sector's share of the CLMV economies has fallen from 29 percent to 19 percent on average over the past two decades, it remains significantly higher than the global average of around 10 percent.<sup>16</sup> Recognising the agriculture sector's strategic importance to the region, one objective of the AEC Blueprint 2025 is to enhance the long-term competitiveness of ASEAN's food, agriculture and forestry products/commodities as a means to raise intra- and extra-ASEAN trade. This is supported by the 2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry which sets out goals for the sector around ensuring equitable and sustainable growth to alleviate poverty and hunger, ensuring food security and food safety, enhancing access to global markets, as well as to mitigate and adapt to shocks such as climate change and natural disasters.<sup>17</sup> Around two-thirds of the population in the CLMV countries still reside in rural areas and depend heavily on the agriculture sector for employment and income. A study by the Asian Development Bank (ADB) finds that the slow pace of agricultural reforms and increasingly constrained nature of key production inputs, such as land and water, have contributed to declining productivity.<sup>18</sup> This is demonstrated by the declining growth rate of cereal yields in the CLMV countries from three percent annually between 2001 and 2006, to just one percent annually between 2012 and 2017. Agricultural reforms are also required to address gender imbalances in a sector where the share of female employment in CLMV countries is the highest among AMS, ranging from 48 percent in Viet Nam to 78 percent in Lao PDR.<sup>19</sup> However, the benefits from innovations in agricultural techniques and technologies are unevenly spread between women and male farmers. Women farmers continue to rely on traditional farming techniques with little or no access to extension services and training. They also tend to be involved in less valuable parts of the agricultural value chain (e.g. sowing and harvesting) and face obstacles to social mobility because of this. Furthermore, sustainable production methods are becoming increasingly important due to more frequent and prolonged droughts. CLMV countries are particularly at risk of droughts as only 25 percent of rice lands have access to irrigation facilities.<sup>20</sup>

The IAI Work Plan III set the foundation to help the CLMV countries achieve some of these objectives, including an assessment of post-harvest losses for high-value export fruits and sharing best practice organisation of water-user groups. Concrete capacity building projects arising from the assessment will be developed and executed in Work Plan IV. This Work Plan will also support the implementation of ASEAN standards in crops, livestock and fisheries in CLMV countries, promote sustainable water management, increase the adoption of post-harvest loss techniques, enhance smallholder market access and advance the use of climate-smart technologies.

<sup>16</sup> *Agriculture, forestry, and fishing, value added (% of GDP)*, World Bank Database, 2020. See: <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS>.

<sup>17</sup> *2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry*, ASEAN Secretariat, 2015.

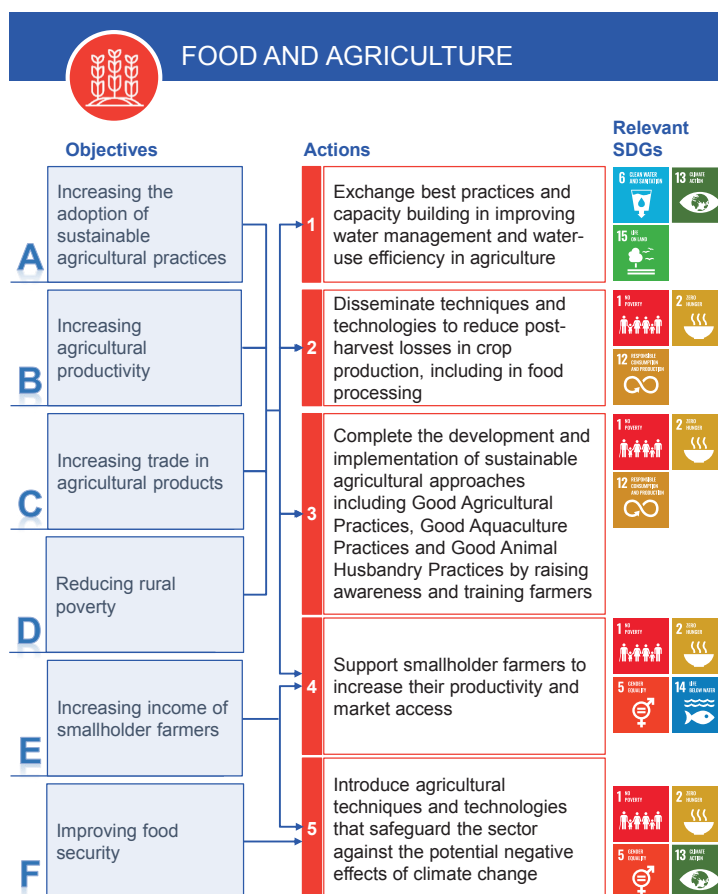
<sup>18</sup> *Enhancing Agricultural Productivity of CLMV Countries: Challenge and Agenda for Reforms*, ADB Institute, 2015.

<sup>19</sup> *Projected Gender Impact of the ASEAN Economic Community*, ASEAN Secretariat, 2016.

<sup>20</sup> *Harmless Harvest: How sustainable agriculture can help ASEAN countries adapt to a changing climate*, GROW and Oxfam, 2015.

Each action is aligned to several SDGs, ensuring that Work Plan IV also plays a pivotal role in assisting CLMV countries to deliver their SDGs commitments by 2030. The objectives and actions in Food and Agriculture and their linkages to the SDGs are summarised in Exhibit 5.

## EXHIBIT 5



The following actions will be undertaken in this strategic area:

- I. *Exchange best practices and capacity building in improving water management and water-use efficiency in agriculture.* This action aims to increase the adoption of sustainable water management practices in CLMV countries through targeted capacity building programmes on irrigation and drainage service delivery.<sup>21</sup> Implementing this action is consistent with the objectives of the 2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry. Proper management of water resources has been associated with increased crop yields and income of farmers.<sup>22</sup> CLMV countries will require assistance to strengthen sustainable management of water resources in agriculture, especially in light of the increasing number of drought days in CLMV countries as a result of climate change and competing water-use claims (e.g. water requirements for manufacturing and sanitation).

<sup>21</sup> Raghavan et al. "ASEAN Food Security under the 2°C-4°C Global Warming Climate Change Scenarios" in *Towards a Resilient ASEAN Volume 1: Disasters, Climate Change, and Food Security*, ERIA, 2019.

<sup>22</sup> Mukherji et al., "Growing more food with less water: how can revitalising Asia's irrigation help?", *Water Policy*, 2012.

- II. *Disseminate techniques and technologies to reduce post-harvest losses in crop production, including in food processing.* This action aims to equip farmers and food processors with solutions to reduce post-harvest losses, which would not only enhance food security but also increase the income of farmers through higher trade volumes and prices due to less crop spoilage from mishandling. This action is aligned to the goals of the 2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry. Post-harvest losses in ASEAN are a persistent problem and are especially high in CLMV countries. For example, post-harvest losses for high-export fruits such as mangoes average 30 percent in Cambodia, Lao PDR and Myanmar – compared to 25 percent in other developing countries like Bangladesh.<sup>23</sup> There is room for CLMV countries to identify post-harvest losses across the production value chain and implement solutions to reduce them. Some potential activities to address post-harvest losses include training farmers on various post-harvest techniques (e.g. pest control management and agrochemical use) and using improved equipment (e.g. plastic crates instead of bamboo baskets that could bruise the produce).
- III. *Complete the development and implementation of sustainable agricultural approaches including Good Agricultural Practices, Good Aquaculture Practices and Good Animal Husbandry Practices by raising awareness and training farmers.* This action focuses on promoting the adoption of Good Agricultural Practices (GAP), Good Aquaculture Practices (GAqP) and Good Animal Husbandry Practices (GAHP), which could improve food safety and quality of agricultural products, raise productivity and enhance trade in the region. Adopting good production practices is aligned with the 2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry that aims to develop an inclusive, resilient, and sustainable food, agriculture and forestry sector. As ASEAN progresses towards a single economy, these production guidelines would minimise food safety incidents and reduce the environmental impact of agriculture. ASEAN has also expanded the range of good production practices to include more agricultural produce (e.g. GAHP on Pigs in 2018, GAHP on Beef Cattle and Buffalo in 2019) and promoted awareness and adoption of these guidelines amongst farmers and consumers. CLMV countries will require additional assistance, especially manpower and testing capacity, to develop and implement these sustainable production guidelines and fully participate in the forthcoming Mutual Recognition Arrangement of the AgriFood sector. Currently, progress in CLMV countries varies by segment. The implementation of GAHP in all CLMV countries is nascent and the countries have yet to fully align national GAHP with ASEAN GAHP. In the crops segment, while GAP has been implemented, adoption among farmers remains low in Cambodia, Lao PDR and Viet Nam due to a lack of awareness. GAqP guidelines have been developed in Myanmar and Viet Nam as the European Union (EU), which tends to require higher production standards, is one of the largest customers for these exports. However, awareness and adoption of GAqP remain low outside of farms supplying to European markets. There is also a lack of capacity to conduct inspections to ensure compliance with these approaches.

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<sup>23</sup> *Assessment of Post-Harvest Losses and Post-Harvest Loss Reduction Technologies and Practices for a Seasonal Fruit with High Export Value and/or Export Potential in Cambodia, Lao PDR, Myanmar, Viet Nam (CLMV) Countries*, ASEAN Secretariat, 2019.



- IV. *Support smallholder farmers to increase their productivity and market access.* This action supports smallholder farmers to raise their output through the application of more productive techniques, and to access new markets, potentially raising their income. The goal of increasing the income of smallholder farmers is aligned with objectives of the 2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry. Focusing on smallholder farmers is important as their productivity can be significantly lower than industrial farmers. For example, in some AMS, smallholder farmers' yields can be as low as 20 percent of industrial farms.<sup>24</sup> The majority of farmers in CLMV countries are smallholders that practice subsistence farming with little or no additional income to invest in agricultural inputs.<sup>25</sup> Greater participation of these smallholder farmers in production chains through training and market awareness courses could provide them with a more stable and reliable source of income and lift them out of poverty. There is also an opportunity to support women's participation in higher-valued parts of the agriculture value chain (e.g. distribution and processing) to increase their income. There is significant room for collaboration between governments and farming cooperatives, and other farming organisations that act as a conduit between smallholders and larger enterprises. Another way to help smallholder farmers is by using digital technologies such as smartphones to provide direct market access. However, initiatives to use these technologies are limited across CLMV countries due to a lack of expertise to design and introduce these digital solutions.
- V. *Introduce agricultural techniques and technologies that safeguard the sector against the potential negative effects of climate change.* This action focuses on studying and disseminating stress-tolerant crop varieties (e.g. cultivar seeds), climate smart agricultural techniques (e.g. soil management) and technologies (e.g. forecast warning systems, climate outlook databases) to farmers in CLMV countries with the aim of enhancing regional food security. Promoting climate smart technologies and regional food security is aligned to the goals of the 2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry. Adopting climate-smart solutions is especially important to address environmental sustainability, particularly the effects of climate change on rainfall patterns and rising sea levels that have been associated with more frequent inland flooding and drought days in AMS.<sup>26</sup> This problem is particularly acute in CLMV countries which mainly depend on rainwater for agriculture, and yet tend to have lower adoption levels of climate-resilient approaches when compared to other AMS. In Viet Nam, climate change has also been attributed to the increasing desertification in the South-East (i.e. Quang Binh to Binh Thuan). It is estimated that desertification will increase by 122 percent from 2010 levels to 137,580 hectares by 2050.<sup>27</sup> CLMV countries are at various stages of introducing solutions to address climate change and are currently facing challenges around developing a strong fact-base to identify and expand climate-resilient crops, fishes, and livestock. There is also an opportunity to increase access for women farmers, who tend to have lesser access to extension services and training.

<sup>24</sup> *Efficient Agriculture, Stronger Economies in ASEAN*, Business Council for Sustainable Development Singapore, 2016.

<sup>25</sup> *2016-2025 Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry*, ASEAN Secretariat, 2015.

<sup>26</sup> Raghavan et al. "ASEAN Food Security under the 2°C-4°C Global Warming Climate Change Scenarios" in *Towards a Resilient ASEAN Volume 1: Disasters, Climate Change, and Food Security*, ERIA, 2019.

<sup>27</sup> Hien, Gobin, and Huong, "Spatial indicators for desertification in South-East Vietnam", *Natural Hazards and Earth System Science*, 2019.

## 2.4 TRADE FACILITATION

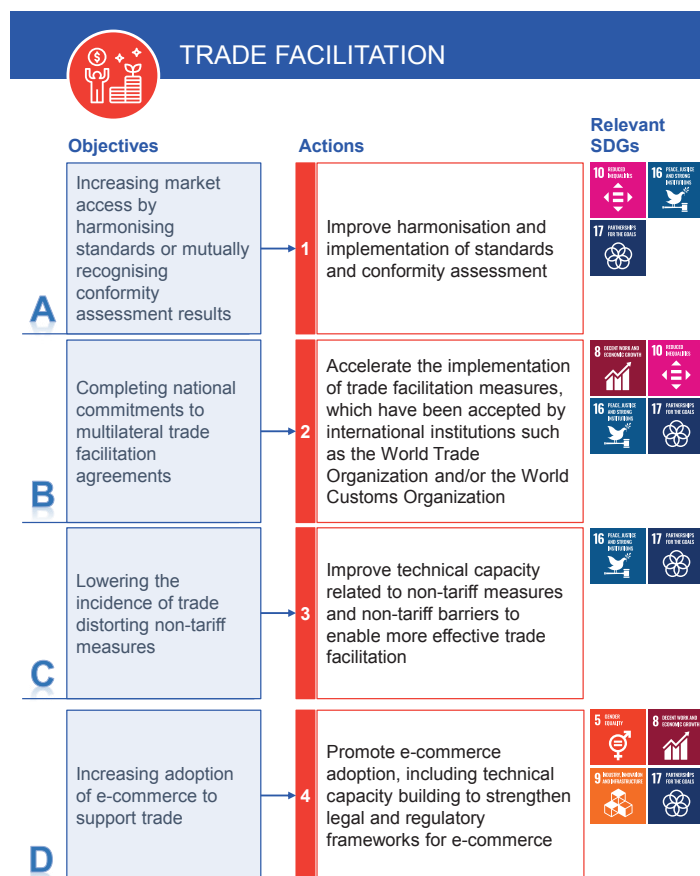
Higher cross-border trade strengthens CLMV economies and raises living standards through optimising the production of goods and services, job creation and consumer choice. Trade facilitation measures aim to increase trade flows by creating a more conducive, cooperative and competitive environment for trade to enable the efficient movement of goods across borders. These include actions to simplify trade procedures, harmonise national standards with international standards and mitigate the trade distortive effects of non-tariff measures (NTMs). CLMV countries continue to lag the ASEAN-6 on various trade-related competitiveness indicators. For example, the average time and cost required for documentary compliance for export in CLMV countries is more than double the average ASEAN-6.<sup>28</sup> Similarly, the annual Global Competitiveness Report published by the World Economic Forum shows that the CLV countries (no assessment for Myanmar) trail the best performing AMS on areas such as border clearance efficiency and prevalence of non-tariff barriers (NTBs).<sup>29</sup> This implies that the CLMV countries are likely to benefit from assistance in trade facilitation, potentially helping them integrate more deeply into the AEC and leading to accelerated economic growth and shared prosperity, which is aligned with the vision of AEC 2025 Trade Facilitation Strategic Action Plan. Policies to further liberalise trade should consider the potential that they perpetuate gender inequalities as a larger share of women in the CLMV countries, compared to men, who tend to work in informal sectors.

IAI Work Plan IV aims to support existing ASEAN trade facilitation commitments, such as World Trade Organization (WTO) and World Customs Organization (WCO) agreements, as well as improve capacity for standards and conformity assessment. It will also focus on new areas such as e-commerce. The objectives and actions in Trade Facilitation and their linkages to the SDGs are summarised in Exhibit 6.

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<sup>28</sup> *Doing Business: Trading Across Borders*, World Bank, 2020.

<sup>29</sup> *The Global Competitiveness Report 2019*, World Economic Forum, 2019.



The following actions will be undertaken in this strategic area:

- I. *Improve harmonisation and implementation of standards and conformity assessment.* This action aims to provide capacity building activities to enable CLMV countries to participate in regional harmonisation processes, and to implement standards and conformity assessment. It is recognised in the ASEAN Standards and Conformance Strategic Plan 2016-2025 that different levels of development among AMS exist and that efforts to narrow the gap are essential to ensure that a common and consistent approach to harmonisation can be adopted.<sup>30</sup> For example, in CLM countries, regulatory agencies require technical assistance to implement regional guidelines on standards and conformity assessment in order to participate more effectively in ASEAN’s harmonisation processes. Developing skills and capabilities of CLM related to harmonisation and implementation of standards and conformity assessment will contribute towards closing the gaps and building coherent standards and conformance ecosystem in ASEAN, which may increase overall trade for the countries. Furthermore, accreditation and conformity assessment bodies in CLM countries may require capacity building to develop accreditation and conformity assessment services to facilitate the implementation of mutual recognition of test reports and certifications in ASEAN.

<sup>30</sup> ASEAN Standards and Conformance Strategic Plan 2016-2025, ASEAN Secretariat, 2015.

- II. *Accelerate the implementation of trade facilitation measures, which have been accepted by international institutions such as the World Trade Organization and/or the World Customs Organization.* This action focuses on supporting CLMV countries in implementing trade facilitation measures set out by international institutions such as the WTO and the WCO, which will allow them to reap the benefits of higher international trade. It is aligned with the AEC Blueprint 2025 – which commits AMS to strive towards convergence in trade facilitation regimes and move closer to the global best practices. The AEC 2025 Trade Facilitation Strategic Action Plan further emphasises the need to accelerate the implementation of best practices outlined by the WTO and the WCO.<sup>31</sup> It is estimated that the full implementation of the WTO Trade Facilitation Agreement (WTO-TFA) could reduce trade costs by an average of 14.3 percent, with the biggest gains in the poorest countries.<sup>32</sup> CLMV countries need technical assistance and advisory support to implement commitments under these multilateral agreements. For example, the countries have indicated a number of measures that require additional time and capacity building support to implement, such as advance rulings and risk management. Therefore, targeted capacity building support to address common challenges across CLMV countries will be crucial in accelerating the implementation of necessary trade facilitation measures.
  
- III. *Improve technical capacity related to non-tariff measures and non-tariff barriers to enable more effective trade facilitation.* This action aims to provide CLMV officials with technical knowledge on NTMs and NTBs to effectively manage the impact of NTMs on trade. It is aligned with the AEC Blueprint 2025 which specifies the importance of minimising trade protection and compliance costs in dealing with NTMs in order to achieve competitive, efficient and seamless movement of goods within the region. Managing NTMs is particularly challenging for CLMV countries due to the limited understanding of classification of NTMs as well as the lack of capacity to conduct studies on potential impact of new NTMs before introducing such measures. Therefore, capacity building on assessing the impact of NTMs is required to enable officials across relevant government agencies in CLMV countries to reduce trade-distorting impact of NTMs. It is also useful to improve awareness and understanding of CLMV officials on NTMs imposed by other countries, which may hinder their exports.
  
- IV. *Promote e-commerce adoption, including technical capacity building to strengthen legal and regulatory frameworks for e-commerce.* This action seeks to strengthen the legal and regulatory frameworks for e-commerce to promote e-commerce adoption in CLMV countries. The recent ASEAN Agreement on Electronic Commerce highlights AMS' focus on capturing the economic opportunities associated with e-commerce.<sup>33</sup> However, AMS differ in their readiness for realising such potential. Data from the UNCTAD B2C E-commerce Index shows a gap of more than 60 percent between CLM countries and the best performing AMS in 2019.<sup>34</sup> Relevant laws and regulations on e-commerce, private data protection and consumer protection are either missing or need improvements in CLM countries. Furthermore, customs officials may require capacity building in terms of ensuring an efficient clearance process for goods traded through e-commerce platforms, managing risks posed by limited knowledge on importers, and ensuring fair and efficient collection of duties and taxes.

<sup>31</sup> AEC 2025 Trade Facilitation Strategic Action Plan, ASEAN Secretariat, 2017.

<sup>32</sup> World Trade Report 2015 Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement, World Trade Organization, 2015.

<sup>33</sup> ASEAN Agreement on Electronic Commerce, ASEAN Secretariat, 2019.

<sup>34</sup> UNCTAD B2C E-commerce Index 2019, UNCTAD, 2019.

## 2.5 MICRO, SMALL AND MEDIUM ENTERPRISES

MSMEs development is a crucial pillar of economic development and regional integration efforts in the CLMV countries as they account for the vast share of total establishments and total employment. However, the productivity of MSMEs in the CLMV countries is likely to be lower than larger enterprises as they are primarily found in labour-intensive and low value-added sectors of the economy, while their contribution to total exports is also low.<sup>35</sup> MSMEs in CLMV countries face a number of pressing barriers to growth relative to larger firms, including lower bargaining power, lack of financial and human resources, higher compliance costs and smaller networks.<sup>36</sup> Consequently, the relatively weak business environment in CLMV countries, characterised by poor access to credit, inadequate enforcement of contracts and cumbersome business registration processes in some CLMV countries, needs to be addressed.<sup>37</sup> MSMEs in the CLMV countries will need to upskill workers to become more competitive and enable greater internationalisation. In this respect, the greater adoption of digital technology may increase firm productivity, expand market opportunities and improve service delivery. However, according to the World Bank's Digital Adoption Index, businesses in CLMV countries currently lag other ASEAN-6 countries in their adoption of digital tools.<sup>38</sup> Efforts to remove barriers for women entrepreneurs are crucial in boosting growth potential. For example, it is estimated that addressing gender gaps in entrepreneurship and the labour markets could boost economic growth by 7, 11 and 15 percent of GDP in Cambodia, Viet Nam and Lao PDR respectively.<sup>39</sup> Strengthening the role of MSMEs is also a major priority of the AEC Blueprint 2025.

IAI Work Plan IV focuses on supporting ASEAN's regional activities by bolstering good governance, broadening access to financial literacy and productivity training, enhancing business registration processes, building up the capacity of business associations, supporting the awareness and digital technology adoption, and integrating MSMEs into global value chains. Each action is linked to relevant SDGs. The objectives and actions in MSMEs, and its links to SDGs are summarised in Exhibit 7.

<sup>35</sup> *ASEAN SME Policy Index 2018: Boosting Competitiveness and Inclusive Growth*, ASEAN Secretariat, 2018.

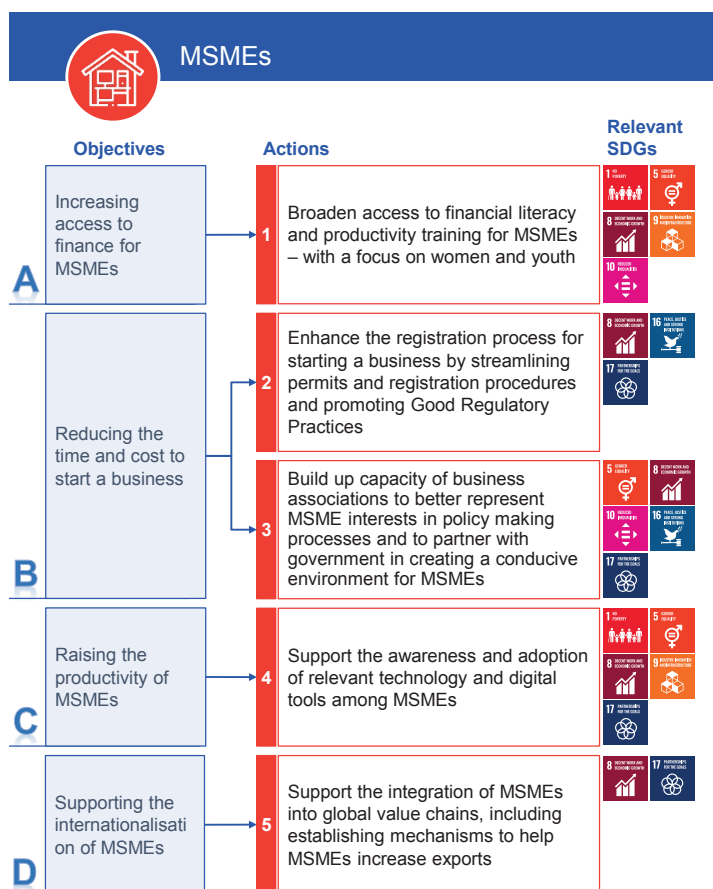
<sup>36</sup> *UNCTAD B2C E-commerce Index 2019*, UNCTAD, 2019.

<sup>37</sup> *Doing Business: Trading Across Borders*, World Bank, 2020.

<sup>38</sup> *Digital Adoption Index*, World Bank, 2016.

<sup>39</sup> *Projected Gender Impact of the ASEAN Economic Community*, ASEAN Secretariat, 2016.

## EXHIBIT 7



The following actions will be undertaken in this strategic area:

- I. *Broaden access to financial literacy and productivity training for MSMEs – with a focus on women and youth.* This action includes initiatives to increase access to financial literacy and productivity training for MSMEs in CLMV countries. Its focus on enhancing the skills of women and youth to encourage their participation in MSMEs is also aligned with the ASEAN Strategic Action Plan for SME Development 2016-2025.<sup>40</sup> CLMV countries face a number of challenges related to this action. For example, the lack of understanding of book-keeping and financing options, especially among micro-enterprises, affects their ability to obtain loans from banks. This has been shown to potentially reduce the productivity of MSMEs, and in some cases, a lack of proper book-keeping has been detrimental to the firm’s survival.<sup>41</sup> Women entrepreneurs across ASEAN face additional difficulties in accessing credit due to barriers around owning assets.<sup>42</sup> In addition, there is limited knowledge among MSMEs on how to optimise capital and human resources to streamline and expand operations, leading to low productivity and shortage of domestic capacity among MSMEs. IAI Work Plan III had a project which assessed the gaps in

<sup>40</sup> ASEAN Strategic Action Plan for SME Development 2016-2025, ASEAN Secretariat, 2015.

<sup>41</sup> Maybank-ABSS join hands in productivity push for 50,000 micro SMEs with cloud-based accounting software, Maybank, 2017 and Senzu and Haruna, “Examining business performance of micro, small and medium scale enterprise through accounting records keeping; case study in Ghana” in *Munich Personal RePEc Archive*, 2018.

<sup>42</sup> *Fostering Women’s Entrepreneurship in ASEAN*, UNESCAP, 2017.

financial literacy programmes for microenterprises across CLMV countries. The results of these country assessments will be used to develop additional activities in IAI Work Plan IV.

- II. *Enhance the registration process for starting a business by streamlining permits and procedures and promoting Good Regulatory Practices.* This action aims to reduce the time and cost of starting a business by providing technical assistance to improve the business registration process in CLMV countries. This action is also aligned with the ASEAN Strategic Action Plan for SME Development 2016-2025 which emphasises the importance of streamlining permit and registration procedures to enable less costly and faster business formation. Country assessments conducted during IAI Work Plan III found that there is significant room for improvement in the business registration process in CLM countries. For example, while Cambodia has an online registry, it has not amended its legislation to support electronic practices which could further reduce the time and cost of business registration. Similarly, Lao PDR does not have a central electronic database and processes are performed manually using hand delivered hard copy documents, which leads to inefficiencies and lengthens the time required to complete a registration. Furthermore, there have been instances that government agencies have experienced limited institutional capacity to successfully implement business registration policies and ensure adherence to regulatory best practices. Capacity building and technical advice will be required to develop new legislation that supports online business registration before any online system can be implemented. In Myanmar, an online registry has been launched. However, there is a need to raise awareness and expand the use of this platform, particularly among MSMEs in rural areas.
- III. *Build up capacity of business associations to better represent MSME interests in policy making processes and to partner with government in creating a conducive environment for MSMEs.* This action aims to provide capacity building training to enable business associations to better represent MSME interests in the policymaking processes, and to support MSMEs in starting and sustaining their business. This would include ensuring that specific concerns from women entrepreneurs (e.g. lack of access to credit and business counselling) are raised in discussions with government agencies. This action is aligned with the ASEAN Strategic Action Plan for SME Development 2016-2025 which highlights the importance of promoting MSMEs' participation in policy formulation. Capacity building support is required to address a number of challenges faced by business associations in CLMV countries. For example, business associations lack research skills to provide a strong fact base when engaging with the government on policy issues. In addition, difficulties exist in collecting feedback from MSME members and translating them into concise policy recommendations. Business associations in CLMV countries also indicated that sharing of best practices from other countries on how to improve access and quality of MSME support services in rural areas will be useful in helping them expand their operations to remote provinces.

- IV. *Support the awareness and adoption of relevant technology and digital tools among MSMEs.* This action aims to increase awareness and adoption of technology and digital tools relevant to MSMEs, with the aim of improving their overall productivity. This action is aligned with the ASEAN Strategic Action Plan for SME Development 2016-2025, which highlights the need to promote technology usage and its application. MSMEs in CLMV countries face several challenges that impede their adoption of technology and digital tools, including limited knowledge about available technologies and their applications, as well as lack of funding. These challenges are especially acute for women entrepreneurs as they have lower access to education and technology that could help them to innovate and grow their businesses.<sup>43</sup> To address these challenges, CLMV countries need assistance to raise awareness of MSMEs about relevant technology and digital tools, as well as their potential impact on productivity. Government agencies may require capacity building to develop policies to support MSMEs in adopting such technologies.
- V. *Support the integration of MSMEs into global value chains, including establishing mechanisms to help MSMEs increase exports.* This action aims to encourage the participation of MSMEs in global value chains through activities such as promoting exports and developing partnerships with multinational corporations (MNCs). It is aligned with the ASEAN Strategic Action Plan for SME Development 2016-2025 which highlights the need to develop support schemes for market access and integration of MSMEs into global supply chains. CLMV countries lag behind other AMS in terms of integrating MSMEs into global value chains. For example, the gap to the best performing AMS based on the “Integration into global value chains” score of the SME Policy Index is around 60 percent in Cambodia and Lao PDR, and 80 percent in Myanmar. To enable MSMEs in CLMV countries to participate in global value chains, a number of challenges need to be tackled. In particular, many MSMEs have limited information on how to gain access and market their products to international buyers. Difficulties also exist due to the lack of technical knowledge of international standards.

## 2.6 EDUCATION

Raising education standards and attainment levels are crucial to increase labour productivity in CLMV countries, which ultimately supports economic growth and prosperity. The gap between CLMV countries and the ASEAN-6 continues to be significant across a range of education indicators. For example, while primary school enrolment and completion rates in CLMV countries are now comparable to the best performing AMS, secondary and tertiary enrolment rates lag considerably. More needs to be done to bridge the gap in education access of disadvantaged and marginalised groups – consistent with the ASCC Blueprint 2025 in its measures to improve access and quality in basic education. For instance, there persists a gender gap in literacy rates and years of schooling in CLMV countries, where girls tend to have 1-2 years less schooling than boys, contributing to the lower share of girls in higher education in some CLMV countries.<sup>44</sup> The adoption of digital tools to facilitate online learning may potentially help in increasing access. For instance, using digital technologies to support instruction could increase access to education for children in remote and marginalised areas,

<sup>43</sup> *Fostering Women's Entrepreneurship in ASEAN*, UNESCAP, 2017.

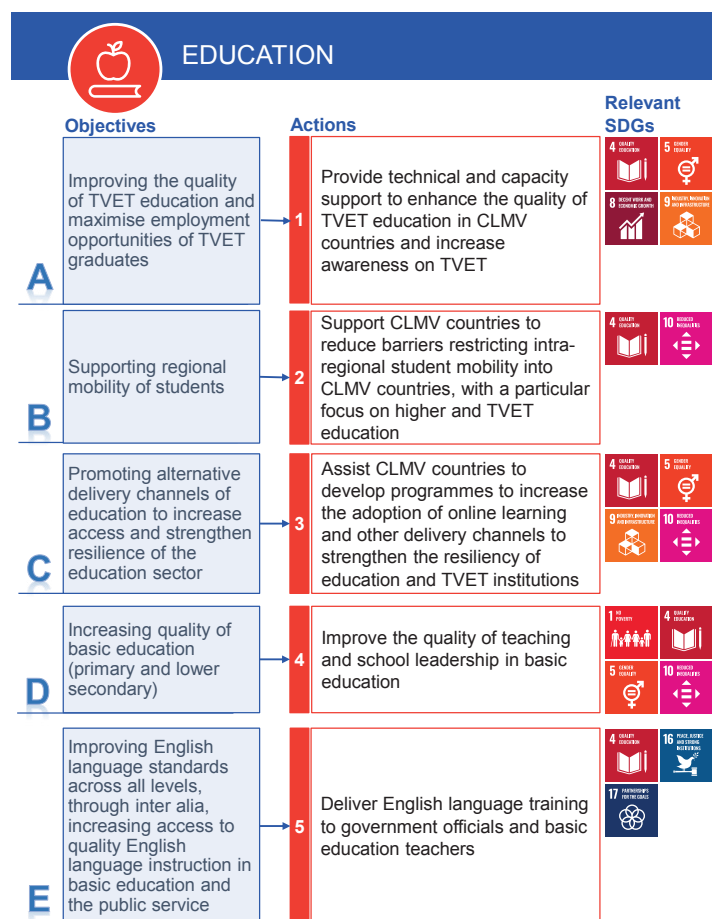
<sup>44</sup> *Human Development Indicators*, United Nations Development Programme, 2020.



and also ensure continuity of education during emergencies, such as the current COVID-19 pandemic. However, internet penetration – a key factor to achieve this endeavour – remains low in CLM countries (40–48 percent), especially in rural areas.<sup>45</sup> CLMV countries also face significant challenges to ensure that their education systems are ready to address the demand for skills from megatrends including Industry 4.0, while they continue to lag other AMS in terms of delivering quality English language instruction, which is critical given English’s status as the working language of ASEAN.

IAI Work Plan IV will assist CLMV countries to enhance the quality of Technical and Vocational Education and Training (TVET) education, increase regional student mobility, increase the adoption of alternative learning channels, and improve teacher quality and English language training standards. The objectives and actions in this area and their linkages to the SDGs are summarised in Exhibit 8.

### EXHIBIT 8



<sup>45</sup> Internet Usage in Asia, Internet World Stats, 2020.

The following actions will be undertaken in this strategic area:

- I. *Provide technical and capacity support to enhance the quality of TVET education in CLMV countries and increase awareness on TVET.* This action aims to improve the quality of TVET education and employability of TVET graduates by upgrading curriculums to reflect technological developments and to increase the role of the private sector in TVET education. This action supports the ASCC Blueprint 2025's objective of building institutional capacity to promote vocational education and skills training. Across the AMS, employers in CLM countries reported the lowest rates of satisfaction when asked if TVET graduates had the necessary skills relevant to the work demanded of them.<sup>46</sup> For example, while 90 percent of employers in Singapore “agreed” or “strongly agreed” that TVET graduates in their country had relevant skills for work, only one-third of employers in Myanmar (36 percent) and Cambodia (37 percent), and around half in Lao PDR (52 percent) felt the same way.<sup>47</sup> The mismatch between the skills employers expect and the skills students acquire could have contributed to the high rates of youth unemployment seen in CLMV countries. The problem could be addressed through greater participation of employers during curriculum development and apprenticeship to take into account the changing technical requirements brought about by Industry 4.0.

There are also opportunities to increase the participation of women in skilled professional TVET courses, including engineering, tourism and accountancy. While changes to TVET education are underway, CLMV countries will require additional assistance to increase the scale of the reform. For example, revision of course curriculums to meet the needs of the private sector in CLM countries is nascent, with only one to three courses being revised to date.<sup>48</sup> These countries would benefit from additional technical assistance to increase the number of courses being reviewed. Furthermore, CLMV countries would also benefit from technical assistance to design programmes that partner with the private sector to train and hire students directly.

- II. *Support CLMV countries to reduce barriers restricting intra-regional student mobility into CLMV countries, with a particular focus on higher and TVET education.* This action aims to implement initiatives to increase the number of foreign university students studying in CLMV universities to promote greater mobility within ASEAN. This action is aligned with ASCC Blueprint 2025's goal of promoting greater people-to-people interaction and mobility within ASEAN, and the forthcoming ASEAN Work Programme on Education 2021-2025 which aims to promote greater mobility for learners. Internationalisation of higher education helps to improve the graduate experience and learning outcomes, promote intercultural exposure and build an international reputation.<sup>49</sup> However, the current share of international students in higher education is very low in LMV countries, ranging from 0.1-0.5 percent of the total tertiary education cohort in each country - much lower than other AMS such as Malaysia (9.6 percent).<sup>50</sup> The lack of English language courses in universities is one of the main reasons for this observed trend. CLMV countries will require technical assistance to increase the number of courses delivered through English

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<sup>46</sup> *The Role of Technical Vocational Education and Training in Fostering Inclusive Growth at the Local Level in Southeast Asia*, OECD, 2018. No data for Viet Nam.

<sup>47</sup> *Human Development Indicators*, United Nations Development Programme, 2020.

<sup>48</sup> Based on discussions during national consultations.

<sup>49</sup> *Capitalising on ASEAN: Internationalisation Strategy for CLMV Universities*, EU-SHARE, 2017.

<sup>50</sup> *Global Flow of Tertiary-Level Students*, UNESCO, 2020.

and ensure that credits for these courses can be transferred. Another reason is that the international offices of universities in CLMV countries lack the knowledge and capacity to attract potential students. IAI Work Plan IV could potentially assist in building up the capacity for these selected international admissions offices.

- III. *Assist CLMV countries to develop programmes to increase the adoption of online learning and other delivery channels to strengthen the resiliency of education and TVET institutions.* This action aims to build up the capacity of CLMV countries to increase the adoption of alternative delivery channels of education to strengthen the resilience of the sector in the event of future supply shocks. This action is aligned with the ASCC Blueprint 2025's objective of increasing the institutional capacity of AMS to address current challenges and emerging trends, such as disaster, pandemics and climate change. The COVID-19 pandemic has highlighted the importance of ensuring that mechanisms are in place to continue education delivery during emergencies. CLMV countries have fared well in developing alternative approaches to educating students during the COVID-19 pandemic. In the case of basic education, Cambodia and Myanmar designed and implemented online learning curriculum and platforms, while Viet Nam leveraged television and radio-based learning. CLMV countries are considering the continued use of these platforms for educational purposes during the COVID-19 pandemic's recovery phase. However, they are encountering challenges around designing and implementing a digital curriculum. This is because access to digital learning is currently limited in CLMV countries. A study on the proportion of primary education institutions that have access to electricity showed that it is currently very low in CLM countries (Cambodia and Myanmar, 7 percent; Lao PDR, 19 percent), especially when compared to other AMS (Singapore, Malaysia and Thailand, 100 percent).<sup>51</sup> This suggests that a large portion of teachers and students are unfamiliar with digital learning and teaching tools. CLMV countries will require additional assistance to increase access to these new forms of learning and train educators and students to use these materials rapidly. Another challenge is around ascertaining learning outcomes. This is especially a challenge in the case of television-based learning, where it is difficult to determine if students have understood the concepts being taught since there is no feedback mechanism. Additional assistance could be required to develop curriculums that are better suited to alternative teaching mediums. Girls, who tend to have less schooling years than boys in CLMV countries, would benefit from this action as alternative learning channels might provide them with the flexibility to continue education.
- IV. *Improve the quality of teaching and school leadership in basic education.* This action focuses on improving teaching quality through designing training for teachers and school leaders based on findings from international tests, including the Programme for International Student Assessment (PISA) and the Southeast Asia Primary Learning Metrics (SEA-PLM) assessment programme. This action is aligned with the ASCC Blueprint 2025's goal of providing quality basic education in ASEAN. SEA-PLM is a regional initiative to assess and monitor the acquisition of knowledge and skills for Grade Five students. This is the first regional initiative to provide a common set of metrics to assess the proficiency of students in the areas of reading, writing and mathematics.<sup>52</sup> SEA-PLM will generate insights on learning outcomes at the national and the sub-national level, thereby

<sup>51</sup> *Information and communication technology (ICT) in Education in Asia: A comparative analysis of ICT integration and e-readiness in schools across Asia*, UNESCO, 2014.

<sup>52</sup> *The Southeast Asia Primary Learning Metrics Program: Thinking Globally in a Regional Context*, SEAMEO, 2019.

encouraging targeted interventions at a sub-national level, which would make education more equitable between communities within a country. The first study, which includes all CLMV countries, is expected to be published in 2020. The findings from this study and those from other similar international assessments could provide a strong evidence-base to design policy interventions that would improve the quality of basic education in CLMV countries. CLM countries have not previously undertaken standardised testing programmes and require technical assistance to support their national technical teams to interpret findings from the study, socialise these findings to teachers at the national and provincial level, and implement capacity building programmes (based on these findings) to improve education outcomes.

- V. *Deliver English language training to government officials and basic education teachers.* This action aims to improve the English standards - the working language of ASEAN - of CLMV government officials and teachers, and is aligned with the ASCC Blueprint 2025 on strengthening the civil service through effective capacity building, human resource development and collaboration programmes among AMS. CLMV countries are attempting to improve the English language capabilities of their populations by extending English language instruction into primary education. However, the current level of English proficiency in CLM countries is limited. According to Education First's "English Proficiency Index", CLM countries have a "very low proficiency" of the English language.<sup>53</sup> This means that individuals surveyed experienced difficulty introducing themselves and providing directions in English. Inclusion of training in English language instruction in pre-service training for all new school teachers and government officials will increase the number of professionally certified English teachers and government officials. In addition, there is a need to establish programmes to upskill existing primary school teachers through in-service training.

## 2.7 HEALTH AND WELL-BEING

Improving healthcare outcomes is critical to economic growth as it promotes higher labour productivity and overall living standards. Improving health and well-being is also a major goal of the ASCC Blueprint 2025. CLMV countries have made significant recent progress in some areas such as infant and maternal health – with infant and maternal mortality rates declining steadily over the past decade.<sup>54</sup> However, there remains an overall large development gap in health and well-being indicators between CLM countries and other AMS. For example, lost health expectancy is the highest in CLM countries,<sup>55</sup> while these countries also have the lowest number of physicians per 10,000 people.<sup>56</sup> Moreover, communicable and non-communicable diseases (NCDs), and public health emergency preparedness are especially challenging in rural and remote areas in CLMV countries, where access to health services remains limited. The onset of the COVID-19 pandemic has also exposed weaknesses in the health systems of many countries, including the CLMV countries. The likelihood of similar pandemics in the future

<sup>53</sup> *EF English Proficiency Index 2017*, Education First, 2017 and *EF English Proficiency Index 2018*, Education First, 2018.

<sup>54</sup> *Maternal mortality ratio (modeled estimate, per 100,000 live births)*, World Bank Database, 2020. See: <https://data.worldbank.org/indicator/SH.STA.MMRT> and *Mortality rate, infant (per 1,000 live births)*, World Bank Database, 2020. See: <https://data.worldbank.org/indicator/SP.DYN.IMRT.IN>.

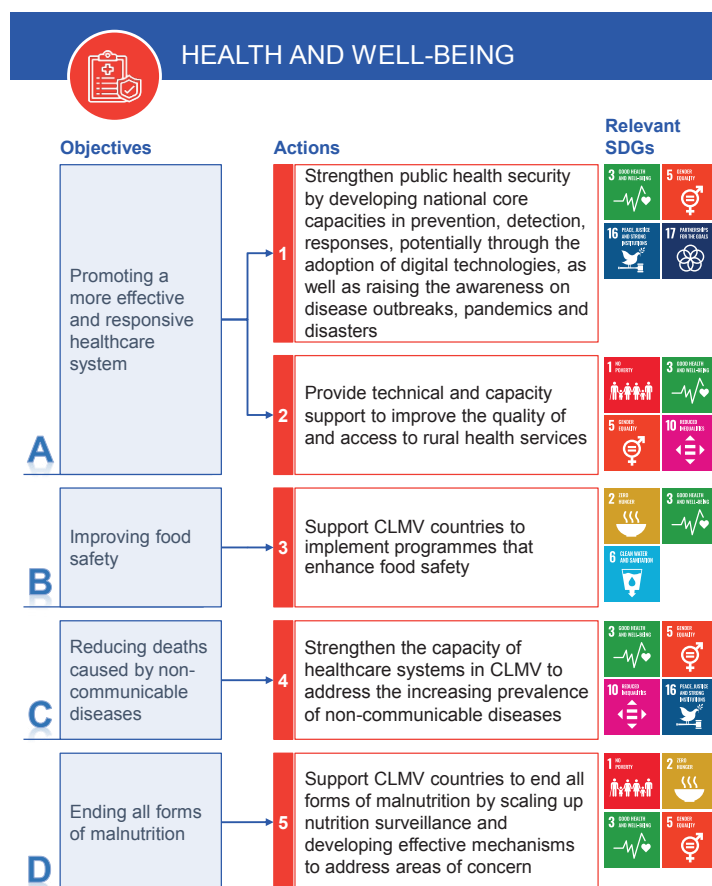
<sup>55</sup> Relative difference between life expectancy and healthy life expectancy, expressed as the percentage of life expectancy at birth.

<sup>56</sup> *Assessment of the Progress in Narrowing the Development Gap in ASEAN*, ASEAN Secretariat and the Asian Development Bank, 2019.

raises the urgency for CLMV countries to strengthen the resiliency of the healthcare sector, potentially through the increased adoption of digital technologies which is still in its nascent stage in CLMV countries.

IAI Work Plan IV aims to strengthen public health systems to deal with pandemics and disasters, address the gap between health services in rural and urban areas, enhance food safety, strengthen the capacity of the health system to address NCDs and reduce malnutrition. The objectives and actions in this area and their linkages to the SDGs are summarised in Exhibit 9.

## EXHIBIT 9



The following actions will be undertaken in this strategic area:

- I. *Strengthen public health security by developing national core capacities in prevention, detection, responses, potentially through the adoption of digital technologies, as well as raising the awareness on disease outbreaks, pandemics and disasters.* This action aims to strengthen health security by implementing capacity building programmes on planning, surveillance, detection and rapid response to emerging infectious disease (EID) outbreaks, pandemics and disasters. This action is aligned with the ASCC Blueprint 2025 on fostering a resilient health community and the forthcoming ASEAN Health Work Programme 2021-2025 on increasing the capacity to respond to pandemics and disasters. The threat of infectious disease outbreaks in CLMV countries is especially high

due to the expansive land borders that the countries share and it is expected to increase as a result of rising connectivity and urban migration.<sup>57</sup> CLM countries require additional assistance in this area because they lack resources and technical capacity of other AMS to ensure a robust disease outbreak, pandemic and disaster response system. This is evidenced by self-reporting based on the World Health Organization's (WHO) International Health Regulations (IHR) framework, which noted gaps in risk communication and human resource capacity to tackle EIDs in CLM countries.<sup>58</sup> For example, Cambodia and Lao PDR do not have enough resources to train their staff on biosafety and disease outbreak surveillance. Myanmar does not have enough skilled individuals to test samples quickly in the event of an outbreak. Raising public awareness is also crucial to strengthening public health security as cooperation from the public can help to mitigate potential supply stresses during disease outbreaks, pandemics and disasters. Addressing issues in this action would be especially beneficial for women since they account for 70 percent of front-line medical staff globally.<sup>59</sup>

- II. *Provide technical and capacity support to improve the quality of and access to rural health services.* This action aims to reduce the disparity in the quality and accessibility of rural health services with urban areas. Up to 75 percent of the populations in CLMV countries live in rural areas.<sup>60</sup> Hence, increasing the availability and quality of healthcare in rural areas is crucial to achieving Universal Health Coverage (UHC) - a priority for ASEAN under the ASCC Blueprint 2025. Most AMS have made significant progress in expanding the availability of rural healthcare services to achieve UHC. However, UHC remains low in Cambodia (38.5 percent) and Myanmar (37.5 percent).<sup>61</sup> In the case of Lao PDR, while coverage is high (94 percent), the scope of health services is narrow and limited to curative services for women and children under five years old.<sup>62</sup> Enhancing the quality of healthcare in rural areas could reduce the number of deaths from preventable pregnancy-related causes as a result of a lack of skilled healthcare workers. For example, in 2015, the maternal mortality ratio in CLM countries was between 161-197 deaths per 100,000 live births – as compared to the ASEAN average of 92 deaths per 100,000 live births.<sup>63</sup> Manpower shortage in rural areas is a key challenge for CLMV countries. For example, while Cambodia's network of health centres has been expanded to include rural areas, the country is facing difficulties staffing doctors in these remote facilities. Myanmar faces a similar problem and is experiencing challenges around training rural nurses and midwives to complete higher function roles. Digital technologies have the potential to improve the quality of healthcare in rural areas, but there are limited studies undertaken by CLMV countries to understand the feasibility and the requirements to implement technology at scale.

<sup>57</sup> *Cambodia, Lao People's Democratic Republic, Myanmar, Viet Nam: Greater Mekong Subregion Health Security Project*, Asian Development Bank, 2016.

<sup>58</sup> IHR 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. *Asia Pacific Strategy for Emerging Diseases (APSED) Evaluation Report (2005–2015)*, World Health Organization, 2016 and *Cambodia, Lao People's Democratic Republic, Myanmar, Viet Nam: Greater Mekong Subregion Health Security Project*, Asian Development Bank, 2016.

<sup>59</sup> *What the COVID-19 pandemic tells us about gender equality*, World Economic Forum, 2020.

<sup>60</sup> *World Urbanization Prospects 2018*, United Nations, 2018.

<sup>61</sup> *E-Health Bulletin: Progressive Realisation Towards Universal Health Coverage*, ASEAN Secretariat, 2019 and *Report of Health Achievement in 2019*, National Health Congress, 2020.

<sup>62</sup> Refer to Footnote 60. Curative services refer to practices that treat patients with the intent of curing them, not just reducing their pain or stress.

<sup>63</sup> *Human Development Reports: Gender Inequality Index*, United Nations Development Programme, 2019.

- III. *Support CLMV countries to implement programmes that enhance food safety.* This action aims to provide safe and nutritious foods for all in the CLMV countries by strengthening overall food safety. Meeting these objectives is aligned with the ASEAN Food Safety Policy (2016)<sup>64</sup> and the ASCC Blueprint 2025 of ensuring food safety for all. As ASEAN progresses towards an integrated food market, food production standards are being harmonised between AMS and discrepancies between national food control systems are expected to be reduced. CLMV countries require assistance to implement their food safety programmes and meet ASEAN-wide standards due to a lack of technical knowledge and manpower for inspection and testing. This is especially the case in Cambodia and Lao PDR, which fared poorly in the Asia Pacific in the “Food Quality and Safety” component of Economist’s Food Security Index 2019.<sup>65</sup> CLMV countries also require advice to develop regulations on food safety. For example, Myanmar is facing challenges around designing its food safety emergency outbreak response (e.g. risk management protocols across the value chain) and localising WHO guidelines, while Cambodia is experiencing challenges around drafting its food laws, as well as training food safety inspectors.
- IV. *Strengthen the capacity of healthcare systems in CLMV to address the increasing prevalence of non-communicable diseases.* This action aims to reduce the prevalence of NCDs by developing and disseminating NCD guidelines, and promoting best-practices in NCD detection, treatment and management strategies. The objectives of this action are aligned with the ASCC Blueprint 2025. The prevalence of NCDs is rising in CLMV countries as a result of lifestyle changes and an ageing population.<sup>66</sup> A study by the WHO found that Viet Nam (77 percent) had the highest rate of death associated with NCDs in any AMS (the next highest is Thailand at 74 percent).<sup>67</sup> While Cambodia (64 percent), Lao PDR (60 percent) and Myanmar (68 percent) had the lowest rates in the region, the share of NCD related death has risen significantly over the past two decades.<sup>68</sup> Women are particularly at risk from NCDs. The WHO estimates that NCDs account for two in every three deaths among women in the world annually.<sup>69</sup> CLMV countries face several challenges to address NCDs, notably around the lack of capacity to design and implement detection and prevention measures, such as nutrition labelling, increasing access to medical check-ups and nutrition awareness campaigns. CLMV health officials also require advice on the origins and causes of specific NCDs, as well as training on international best practices on prevention and treatment.
- V. *Support CLMV countries to end all forms of malnutrition by scaling up nutrition surveillance and developing effective mechanisms to address areas of concern.* This action aims to eradicate malnutrition in CLMV countries, particularly through interventions to scale up nutrition surveillance and service delivery to needy communities. This action is aligned with the ASEAN Strategic Framework and Action Plan for Nutrition (2018-2030)<sup>70</sup> and the ASCC Blueprint 2025 to create a community that is inclusive, sustainable, resilient,

<sup>64</sup> ASEAN Food Safety Policy, ASEAN Secretariat, 2016.

<sup>65</sup> Regional Report: Asia Pacific Global Food Security Index 2019, The Economist Intelligence Unit, 2020.

<sup>66</sup> Cambodia, Lao People’s Democratic Republic, Myanmar, Viet Nam: Greater Mekong Subregion Health Security Project, Asian Development Bank, 2016.

<sup>67</sup> Non-communicable diseases country profiles 2018, World Health Organization, 2018.

<sup>68</sup> ASEAN Socio-Cultural Community Blueprint 2025, ASEAN Secretariat, 2015.

<sup>69</sup> NCD and Women, World Health Organization, 2020.

<sup>70</sup> ASEAN Strategic Framework and Action Plan for Nutrition, 2018-2030, ASEAN Secretariat, 2018.

dynamic, engaging and benefiting the people. An estimated 30 percent of children below the age of five in ASEAN are stunted, which increases the risk of early mortality.<sup>71</sup> The prevalence of malnutrition in children – which has damaging impacts on a child's prospects - is especially high in CLM countries, as evidenced by the share of underweight children under five, which is the highest across the AMS (23-27 percent). Assistance is required to design and implement nutrition interventions for these countries with a special focus on marginalised groups who lack equitable access to nutrition.<sup>72</sup> CLMV countries have developed national policies to address malnutrition. However, they are facing challenges around promoting public awareness of healthy eating (as in the case of Viet Nam) and technical capacity to develop dietary guidelines and interventions (as in the case of Cambodia and Myanmar).

## 2.8 ENABLING ACTIONS

Enabling actions have been identified to support the five strategic areas and increase the ability of CLMV countries to meet the objectives of the IAI. Projects will be developed in consultation with CLMV countries to ensure that the projects fulfil the needs and requirements of the countries. Projects addressing these enabling actions may be accredited as IAI projects provided they meet the Guidelines for IAI Projects (Annex C). However, these projects will not be included in the output MRE process.

- I. *Raise awareness of and promote sustainable development, particularly in areas related to urbanisation, the circular economy and energy systems.* This action includes activities targeted at promoting sustainable economic growth (e.g. green growth), social development (e.g. social protection and social services) and environmental protection (e.g. reducing pollution, promoting biodiversity). The action is aligned with the measures proposed in the AEC and ASCC Blueprints 2025, and the broader ASEAN Community Vision 2025. This is also aligned with several SDGs, namely SDG 8, SDG 13, SDG 14 and SDG 15. CLMV countries are lagging other AMS in this area. For example, the performance of CLMV countries on the Environmental Performance Index, which measures environmental governance and policymaking around environmental issues, has declined since 2016. Capacity building to raise awareness on the importance of sustainability and to facilitate the exchange of policies, practices and approaches in sustainable development is critical to supporting CLMV countries to better address this pressing issue.
- II. *Capacity building for government officials to share best practices in administration, public policy, governance and regulatory development.* This action aims to equip CLMV officials with the skills and knowledge to address a wide range of complex policymaking challenges including competition policy, natural resource management, health pandemics, cybersecurity threats, natural disasters, GESI and others. This action is aligned with the objectives of all three ASEAN Community Blueprints, which promote the strengthening of institutional capacity and mechanisms of AMS and encourage the exchange and promotion of best practices on good governance and public service delivery. It is also aligned with several SDGs, namely SDG 8, SDG 16 and SDG 17. At present, the capacity

<sup>71</sup> *Regional Report on Nutrition Security in ASEAN*, ASEAN Secretariat, 2016.

<sup>72</sup> *Addressing Inequality of Opportunity in Asia and the Pacific*, UNESCAP, 2018.



of government officials to design and implement policies is limited. To illustrate this point, CLM countries were ranked in the bottom quartile of the “Government Effectiveness” component of the World Bank’s Worldwide Governance Indicators, which measures the ability of the public service to formulate and implement policies.<sup>73</sup> The IAI could act as a channel for ASEAN-6 and ASEAN Partners to foster best practices in administration and public policy for CLMV countries.

- III. *Improve data collection and analysis capabilities to enable more effective policymaking.* This action focuses on developing effective evidence-based policymaking and regional cooperation by strengthening the capacity of government officials to collect, interpret and store data on policy issues like transnational crime, disaster resilience, poverty, intellectual property, natural resources, among others. An important aspect of data collection is to increase data granularity, such that measurements could be disaggregated (e.g. subnational, gender, age, income levels, etc.) to support robust policymaking and improve public service delivery. This action is aligned with the objectives of all three ASEAN Community Blueprints, which promote the use of databases to strengthen regional cooperation, information exchange, and more efficient programme management. It is also aligned with several SDGs, namely SDG 8, SDG 16 and SDG 17. The use of digital technologies for governance and policymaking in CLMV countries is limited at present. This is evidenced by the performance of CLMV countries on the United Nations’ “E-Government Development Index”, which examines the participation and delivery of government services digitally. CLM countries scored especially low and were ranked in the bottom quartile of 193 nations surveyed.<sup>74</sup> CLM countries will benefit from technical support to integrate digital technologies and capacity training on proper data collection and storage, and interpretation methods.
- IV. *Strengthen the role of social work in realising a people-oriented, people-centred and inclusive ASEAN Community.* The promotion of social work in ASEAN serves a wide range of functions that can enhance the well-being of people. This initiative is aligned with the ASCC Blueprint 2025’s goals of reducing inequality, promoting equitable access to social protection, and eliminating all forms of discrimination, violence, exploitation, abuse and neglect. This is also aligned with several SDGs, namely SDG 3, SDG 5, SDG 8 and SDG 10. ASEAN has made significant progress in highlighting the importance of social work and strengthening the capacity of social workers, particularly through the establishment of ASEAN Training Centre for Social Work and Social Welfare (ATCSW). This was one of the concrete deliverables during Thailand’s ASEAN Chairmanship in 2019. The ATCSW will develop curriculum and deliver training courses on social work and social welfare for technical and professional skills to develop social work and social welfare in ASEAN. It will also work to augment the quality of trainings and skills development and foster collaboration amongst relevant stakeholders. In addition, Cambodia and Lao PDR have introduced social work courses in higher education. However, there remains a pressing need to address social inequalities that have been increasing in most CLMV countries.<sup>75</sup> CLMV countries will require assistance to enhance the capacity of social workers, including developing a regional network for social workers to exchange best practices and addressing gaps in social work education.

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<sup>73</sup> *Worldwide Governance Indicators*, World Bank, 2018.

<sup>74</sup> *United Nations E-Government Survey 2018*, United Nations, 2018.

<sup>75</sup> *Asia and the Pacific SDG Progress Report 2020*, UNESCAP, 2020.

# Chapter 3: Implementation Approach

## 3.1 THE FOUR DIMENSIONS OF THE IMPLEMENTATION APPROACH

The implementation approach for IAI Work Plan IV is based around four dimensions, incorporating the recommendations from the Implementation Review of IAI Work Plan III:

- 1. 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 endorsing sectoral body, that is empowered to drive delivery.
- 2. Effective project delivery** through the four stages of project life cycle: (a) project development, (b) project recognition, (c) project implementation, and (d) project completion, and supported by adequate capabilities and finance.
- 3. Proactive stakeholder engagement.** Frequent communication and proactive engagement with stakeholders will be critical for success.
- 4. Robust performance management.** Intensive, regular, data-based performance dialogues supported by strong problem solving to address potential risks early.

## 3.2 CLEAR GOVERNANCE AND OWNERSHIP

Successful implementation requires leadership and well-defined roles and responsibilities. The IAI Task Force, which comprises the Permanent Representatives of the ten AMS, maintains primary governance and responsibility for IAI, reporting to the ASEAN Leaders, through the ASEAN Coordinating Council. At the national level, National Coordinators shall be responsible for all IAI planning and activities in their respective country. They shall be supported by Focal Points in each of the strategic areas in the IAI Work Plan IV. The different roles in the implementation of IAI Work Plan IV are summarised in Table 1. The Chairmanship of the IAI Task Force is based on an annual rotation among the CLMV countries. The detailed scope of work for National Coordinators and Focal Points is contained in the *Terms of Reference for National Coordinators and CLMV Focal Points in the Implementation of the IAI Work Plan* that was adopted on 26 March 2020.

**Table 1.**

Body	IAI Task Force	National Coordinators	Focal Points
<b>Overview of role<sup>76</sup></b>	<ul style="list-style-type: none"><li>• Provide overall leadership and direction for IAI, and support stakeholder engagement.</li></ul>	<ul style="list-style-type: none"><li>• Take overall responsibility for the implementation of the IAI Work Plan in their respective country and promote the importance of IAI within their government.</li></ul>	<ul style="list-style-type: none"><li>• Take responsibility for the implementation success of the strategic area in country.</li></ul>

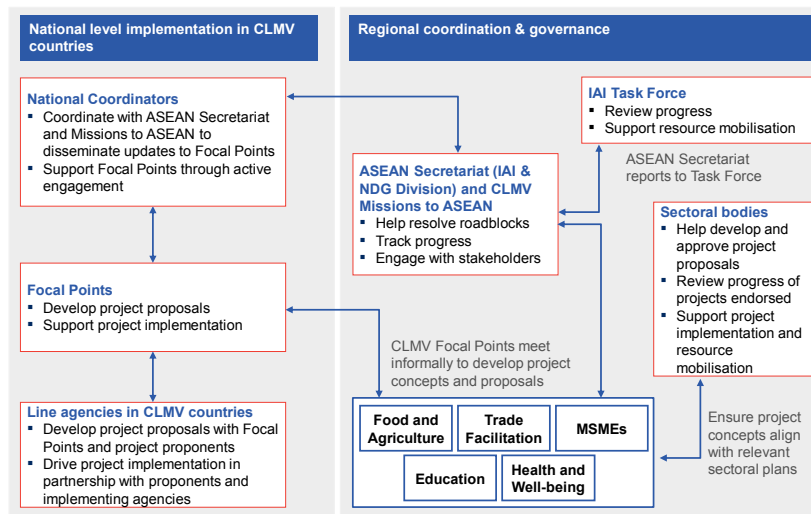
<sup>76</sup> The detailed description of the roles of CLMV National Coordinators and Focal Points can be found in the *Terms of Reference for National Coordinators and CLMV Focal Points in the Implementation of the IAI Work Plan* that was adopted on 26 March 2020.

Body	IAI Task Force	National Coordinators	Focal Points
	<ul style="list-style-type: none"> <li>Undertake regular reviews of the Work Plan to ensure that each of the strategic area is making progress.</li> <li>Address key issues or problems that are hindering resource mobilisation and progress.</li> </ul>	<ul style="list-style-type: none"> <li>Liaise regularly with respective Mission to ASEAN and the ASEAN Secretariat, and support country Focal Points.</li> </ul>	<ul style="list-style-type: none"> <li>Engage regularly with relevant line and implementing agencies in their strategic area to discuss potential projects and monitor the implementation of IAI projects.</li> <li>Work with other CLMV Focal Points in their strategic area, the ASEAN Secretariat and the relevant ASEAN sectoral body on project proposal development.</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>Permanent representatives of AMS.</li> <li>Chaired by CLMV on rotation with a term of one year.</li> </ul>	<ul style="list-style-type: none"> <li>For each CLMV country, drawn from ministries of foreign affairs.</li> </ul>	<ul style="list-style-type: none"> <li>For each strategic area: At least one from each CLMV country, preferably same representative to the relevant sectoral body.</li> </ul>

These various roles will interact to ensure that there are adequate national and regional level mechanisms to govern implementation of IAI Work Plan IV (Exhibit 10).

## EXHIBIT 10

### Clear organisational structure to ensure governance and accountability



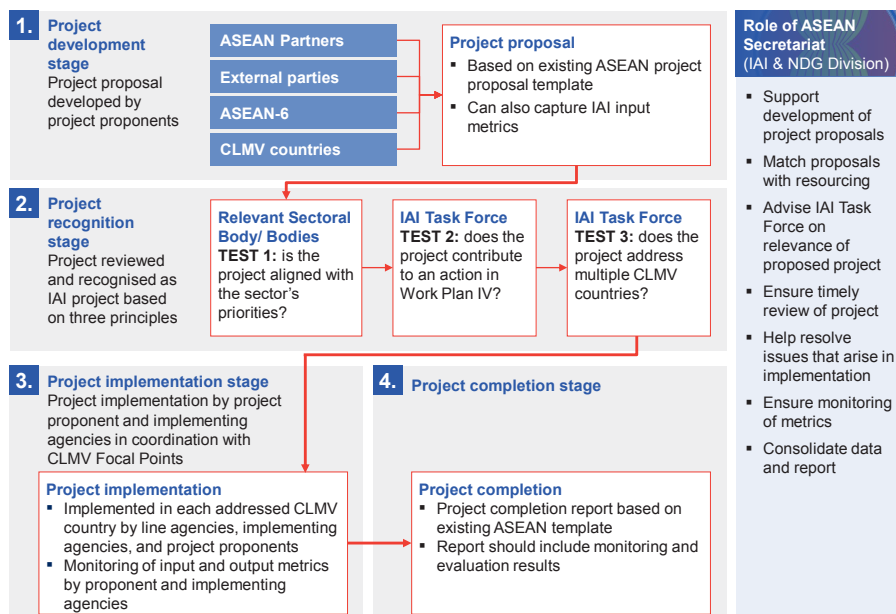
Selected recommendations on the governance and ownership dimension based on Implementation Review of IAI Work Plan III include:

- **Ensure updates from every IAI Task Force meeting are communicated to the capital.** It is important that relevant updates in terms of implementation progress and new project development are communicated to the capitals of CLMV countries after every IAI Task Force meeting. This is to ensure that National Coordinators and Focal Points are kept updated on the progress and able to take follow-up actions at the country level in a timely manner.
- **Ensure that there are established mechanisms to notify the National Coordinator in the event of a change in Focal Points and that there is a knowledge handover process implemented.** Frequent changes in Focal Points are discouraged but in the event that they occur, there should be stipulations to ensure that the departing Focal Point: (a) thoroughly briefs the replacement on their responsibilities and ensures that he/she fully understands IAI Work Plan IV and the status of implementation; and (b) immediately informs the National Coordinator of the change (including sharing the contact details of the new Focal Point) who should follow up with the new Focal Point to ensure a smooth handover has occurred.
- **Improve coordination with the relevant sectoral bodies.** It should be reinforced in IAI Work Plan IV that Focal Points (or their alternates) should be members of the relevant sectoral bodies. It is also crucial to ensure frequent engagement with sectoral bodies during project development to identify potential synergies with other initiatives at the sectoral level. If it is not possible for the Focal Points to be members of the relevant sectoral bodies, then it is imperative that the appointed Focal Points liaise closely with those representatives to ensure seamless engagement between their work and the sectoral body. Annex A provides a list of relevant sectoral bodies for each action.

### 3.3 EFFECTIVE PROJECT DELIVERY

Effective project delivery requires the mobilisation of skills and financing which will be a major focus of implementation efforts at both the national and regional level. To ensure effective project delivery and resource mobilisation, IAI Work Plan IV will retain the simple and consistent process for development, recognition, implementation and completion of projects within IAI. The project life cycle is shown below in Exhibit 11.

### Four key stages in the project life cycle



### Project development stage

- **Ensure early engagement with relevant ASEAN sectoral bodies in the project development process.** It is important to ensure early engagement (i.e. at the project concept level) with the relevant sectoral bodies to gain feedback on project proposals and understand alignment with sectoral plans.
- **Provide support for project concept development.** Conduct an annual exercise of project concept development to help CLMV countries develop high-quality project proposals. This could be linked to the proposed meeting of CLMV National Coordinators and Focal Points at the beginning of each year.
- **Establish more frequent communication with other CLMV countries to discuss projects and share experiences in project development.** Conference calls could be used to communicate across CLMV countries on a monthly/quarterly basis to reduce the need for travelling. In addition, CLMV officials could organise side-line meetings during meetings of their sectoral bodies to discuss IAI implementation.
- **Encourage CLMV countries to understand opportunities to engage the private sector in proposal development.** CLMV countries could engage the private sector in developing projects in areas such as “Food and Agriculture”, “Trade Facilitation” and “MSMEs”. National Coordinators and Focal Points should share information about IAI Work Plan IV and its implementation progress with private sector representatives (e.g. business associations, chambers of commerce) and encourage them to submit project concepts that could address the remaining gaps in implementation.

- **Incorporate emerging trends and issues into project development.** Project proponents should consider how their projects will address emerging trends and issues such as Industry 4.0, GESI and Environmental Sustainability. This should not only be confined to how the project would address existing challenges within these areas, but also how the project would be structured to address inherent biases, especially in the case of GESI. To support this, assistance can be provided to project proponents on filling out the relevant section in the project proposal to show the project intends to incorporate these cross-cutting issues.

### Project recognition stage

- The IAI Task Force will accredit projects contributing towards the implementation of the IAI Work Plan IV according to the Guidelines for IAI Projects, which can be found in Annex C.

### Project implementation stage

- **Each project has a nominated Focal Point, with their details communicated to the National Coordinator and ASEAN Secretariat.** For long-term projects that require in-country engagements, it is crucial that there is a Project Focal Point from each CLMV country who can support project consultants during the implementation. The Focal Point of the relevant strategic area should nominate a suitable Project Focal Point and communicate their details to the National Coordinator and ASEAN Secretariat.
- **Ensure suitable participants are nominated to participate in trainings and workshops.** It is suggested that the Focal Point of each strategic area should be responsible for recommending the most suitable participants to their high-ranking officials based on the requirements provided by project proponents (e.g. technical abilities, seniority, time requirement, expectations and language abilities).
- **Maintain documentation of past participants** to ensure that the same people are invited to participate in subsequent phases of each project. The project proponent and the National Coordinator could provide a letter to reinforce the reasons why IAI is important and why the selected officials are required, if necessary.
- **Ensure Focal Points are informed about project implementation.** It is essential that project consultants, implementing agencies and line agencies inform Focal Points about the implementation progress of all IAI projects so that they can provide support when needed and are able to report updates on the relevant output metrics when requested by ASEAN Secretariat.
- **Encourage CLMV countries to engage the private sector during project implementation.** It is recommended that CLMV countries should explore opportunities to engage with the private sector during the implementation of IAI projects. For example, private operators could be invited to deliver training and capacity building courses where relevant.

## Project completion stage

- **Monitor impacts of completed projects and take follow-up actions to sustain and strengthen the impacts.** CLMV officials should continue to monitor how completed projects may or may not achieve the desired impact. In the project completion report, project proponents should also comment on whether the project was effective in addressing emerging trends and issues identified during project development. In addition, countries should take follow-up actions after a project is completed to sustain and further strengthen the impact. For example, online business registration systems need to be constantly updated and maintained by CLMV countries after they have been established with donor support.

## 3.4 PROACTIVE STAKEHOLDER ENGAGEMENT

The multi-stakeholder nature of the IAI implies the need to build strong and consistent stakeholder engagement from the development of Work Plan IV through to implementation and review. Proactive external engagement is particularly critical because projects undertaken by stakeholders (ASEAN Partners and external parties) will play an important role in the implementation of IAI Work Plan IV. 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 ASEAN Partners and external parties will continue. To further ensure that progress is maintained throughout the life of the IAI 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.

## 3.5 ROBUST PERFORMANCE MEASUREMENT

Proper monitoring and evaluation ensures the effective implementation of IAI Work Plan IV and supports resource mobilisation and engagement by building stakeholder confidence in IAI. A robust performance management system will include a regular and rigorous assessment of progress and performance across the actions, as well as scheduled IAI Work Plan IV reviews that are more in-depth.

### Progress on IAI Work Plan IV will be assessed on three levels

IAI Work Plan IV includes three levels of metrics: input, output and outcome. Details of the metrics to be used are contained in Annex B.

- **Input metrics** are common to all actions under the five strategic areas. There are three input metrics in IAI Work Plan IV: (a) the amount of investment; (b) the number of CLMV countries addressed; and (c) whether the project addresses issues related to Industry 4.0, GESI or Environmental Sustainability.

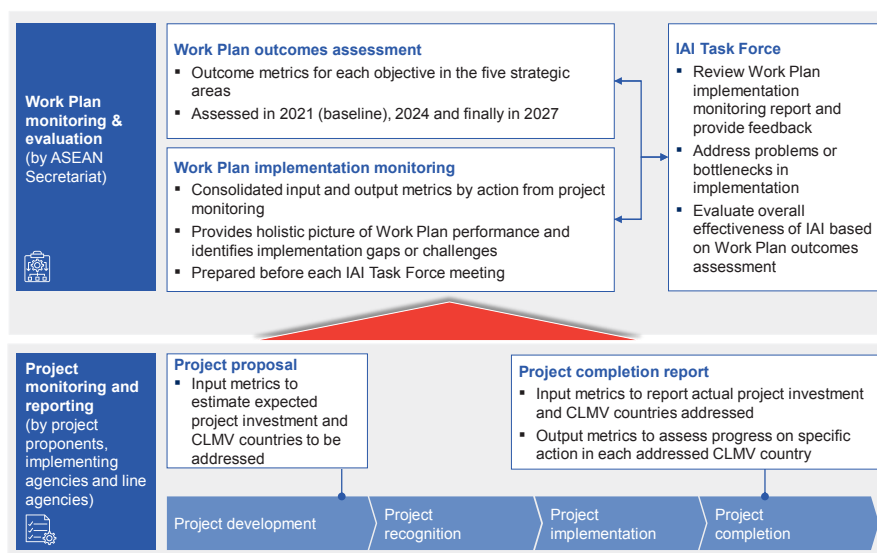
- **Output metrics** are specific to each action under the five strategic areas and measure the implementation progress of the action. IAI Work Plan IV has a total of 31 output metrics across the 24 actions under the five strategic areas.
- **Outcome metrics** are specific to each objective under the five strategic areas and will test the effectiveness of the actions in achieving overall progress. IAI Work Plan IV has a total of 48 outcome metrics, addressing 23 objectives under the five strategic areas.

**Progress at the input and output levels will be reported regularly to the IAI Task Force while progress at the outcome level will be assessed on three occasions – 2021, 2024 and 2027**

Exhibit 12 shows the process for MRE of IAI Work Plan IV. Project proponents, implementing and line agencies are responsible for monitoring the progress against input and output metrics. ASEAN Secretariat will consolidate the results and report this information to the IAI Task Force.

## EXHIBIT 12

### Clear monitoring, reporting and evaluation channels, and responsibilities



The MRE process for each level of metrics is described below:

### ***MRE process for input metrics***

Project proponents are responsible for monitoring and reporting inputs of their projects.<sup>77</sup> The ASEAN Secretariat consolidates the input data provided by project proponents as part of a Work Plan implementation monitoring report for the IAI Task Force.<sup>78</sup> This information is updated before each IAI Task Force meeting. The input metrics for each project are assessed based on the budgeted investment and the number of CLMV countries to be addressed as indicated in the project proposal.

<sup>77</sup> Project proponents refer to any stakeholders who initiate a project proposal. Project proponents could come from ASEAN Member States, ASEAN Partners, ASEAN Secretariat as well as external parties.

<sup>78</sup> For regional projects which provide additional support to CLMV countries, the proportion of funding received by these countries is captured as input data.



The ASEAN Secretariat will ensure that project proponents and implementing agencies report on the final investment amount, activities undertaken and the number of CLMV countries which benefitted from the project during project completion. It is recommended that there is a reconciliation exercise undertaken at the end of IAI Work Plan IV to compare the budgeted investment in IAI projects with the actual expenditure that occurred. This will ensure that the input data reported matches the actual spending.

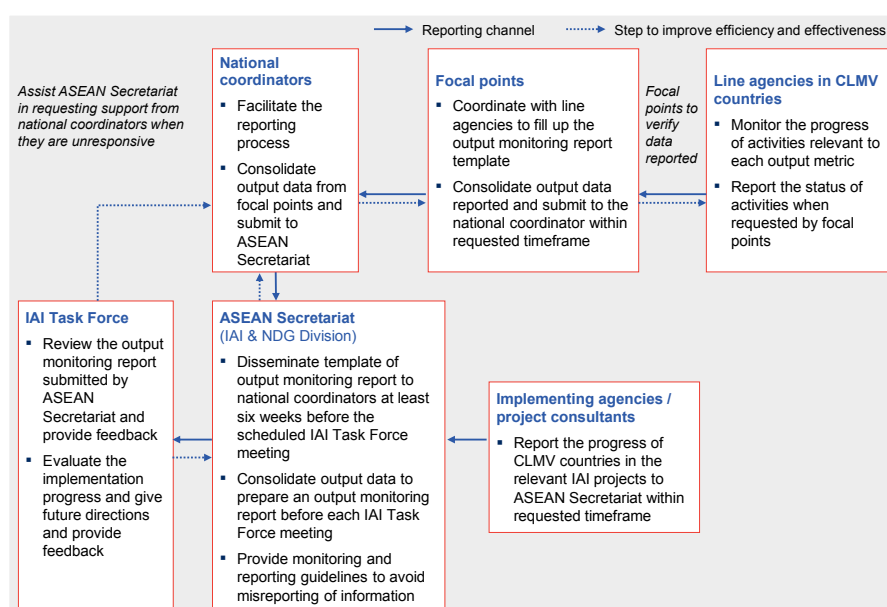
**MRE process for output metrics**

CLMV National Coordinators and Focal Points are responsible for reporting output data specific to their country using the output monitoring report template, which will be disseminated by the ASEAN Secretariat at least six weeks before the first and third IAI Task Force meetings of the year. The updated output monitoring report will then be presented to the IAI Task Force.

National Coordinators shall relay the *Guidelines on Reporting of Output Data* to all Focal Points in their respective country who shall disseminate this information to the relevant implementing and line agencies involved in the implementation of the IAI Work Plan. The responsibilities of each stakeholder in the MRE process are described below (Exhibit 13).

**EXHIBIT 13**

**Output metrics: Monitoring, reporting and evaluation process**



**MRE process for outcome metrics**

Outcome metrics, which change more slowly than output metrics, are assessed and reported by the ASEAN Secretariat on three occasions: first in 2021 to establish a baseline; then in 2024 and finally in 2027, after the completion of IAI Work Plan IV, to ensure the full impact of the Work Plan is measured.



# ANNEXES





## Annex A. Alignment with ASEAN Community Vision 2025 and Sectoral Work Plans

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
<b>Food and Agriculture</b>			<b>SOM-AMAF</b>
1. Exchange best practices and capacity building in improving water management and water-use efficiency in agriculture.	<ul style="list-style-type: none"> <li>Promote good agriculture practices to minimise the negative effects on natural resources such as soil, forest and water (AEC B.8.41.vii).</li> </ul>	Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025: <ul style="list-style-type: none"> <li>Promote good agriculture practices to minimise the negative effects on natural resources such as soil, forest and water and reduce the greenhouse gas emission.</li> <li>Develop new and appropriate technologies, best practices and management systems to ensure food safety and address health/disease and environmental issues, particularly in the fast growing aquaculture, livestock and horticulture sub-sectors.</li> </ul>	ASWG Crops
2. Disseminate techniques and technologies to reduce post-harvest losses in crop production, including in food processing.	<ul style="list-style-type: none"> <li>Reduce post-production losses to meet projected future demand and ensure food security (AEC B.8.41.v).</li> </ul>	Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025: <ul style="list-style-type: none"> <li>Promote good agriculture practices to minimise the negative effects on natural resources such as soil, forest and water and reduce the greenhouse gas emission.</li> </ul>	ASWG Crops

<sup>79</sup> The lead sectoral body will depend on the specific project under each action. Some actions cover various topics that are under the purview of different sectoral bodies/working groups. For example, Action 3 under Food and Agriculture includes GAP, GAqP and GAHP. Each of them is under the purview of a different working group. Project proponents will need to seek approval from the sectoral bodies/working groups related to their projects.

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
3. Complete the development and implementation of sustainable agricultural approaches including Good Agricultural Practices, Good Aquaculture Practices and Good Animal Husbandry Practices by raising awareness and training farmers.	<ul style="list-style-type: none"> <li>• Improve productivity, technology and product quality to ensure product safety, quality and compliance with global market standards (AEC C.5.57.v).</li> <li>• Enhance productivity and competitiveness of rural economies, especially in the newer ASEAN Member States (AEC D.4.75.v).</li> </ul>	<p>Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025:</p> <ul style="list-style-type: none"> <li>• Promote good agriculture practices to minimise the negative effects on natural resources such as soil, forest and water and reduce the greenhouse gas emission.</li> </ul>	<p>ASWG Crops (for GAP)</p> <p>ASWG Fisheries (for GAqP)</p> <p>ASWG Livestock (for GAHP)</p>
4. Support smallholder farmers to increase their productivity and market access.	<ul style="list-style-type: none"> <li>• Improve productivity, technology and product quality to ensure product safety, quality and compliance with global market standards (AEC C.5.57.v).</li> <li>• Enhance productivity and competitiveness of rural economies, especially in the newer ASEAN Member States (AEC D.4.75.v).</li> <li>• Strengthen positive economic, social and environmental linkages among urban, peri-urban and rural areas (ASCC C.2.v).</li> </ul>	<p>Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025:</p> <ul style="list-style-type: none"> <li>• Assist small scale producers and SMEs in the food, agriculture and forestry sector to become viable and competitive enterprises by provision of better technology, inputs, finance and extension services, access to higher value markets, and by facilitating integration into modern value chains.</li> </ul>	SOM-AMAF

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
<p>5. Introduce agricultural techniques and technologies that safeguard the sector against the potential negative effects of climate change.</p>	<ul style="list-style-type: none"> <li>Strengthen human and institutional capacity in implementing climate change adaptation and mitigation, especially on vulnerable and marginalised communities (ASCC C.3.i).</li> <li>Increase resilience to climate change, natural disasters and other shocks (AEC C.5.57.iv).</li> </ul>	<p>Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025:</p> <ul style="list-style-type: none"> <li>Build competencies, share information, technologies and assistance packages with a focus on small scale producers.</li> <li>Increase investment in research and development for technologies and management systems with a focus on resilience to facilitate climate smart/friendly agriculture, land use and fishery.</li> </ul>	<p>SOM-AMAF</p>
<b>Trade Facilitation</b>			<b>SEOM</b>
<p>1. Improve harmonisation and implementation of standards and conformity assessment.</p>	<ul style="list-style-type: none"> <li>Undertake programmes to upgrade the technical capacity and physical infrastructure for effective and efficient conformity assessment (AEC A.1.10.iii-h).</li> </ul>	<p>ASEAN Standards and Conformance Strategic Plan 2016-2025:</p> <ul style="list-style-type: none"> <li>Deepen regional implementation of trade-facilitative STRACAP initiatives in existing and new areas including addressing the needs of MSMEs.</li> <li>Identify needs and support initiatives for the enhancement of the human capital and institutional capacity to support the delivery of professional services in the field of standards and conformance.</li> </ul>	<p>ACCSQ</p>

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
<p>2. Accelerate the implementation of trade facilitation measures, which have been accepted by international institutions such as the World Trade Organization and/or the World Customs Organization.</p>	<ul style="list-style-type: none"> <li>Accelerate and deepen the implementation of trade facilitation measures (AEC A.1.10.iii).</li> </ul>	<p>AEC 2025 Trade Facilitation Strategic Action Plan:</p> <ul style="list-style-type: none"> <li>Accelerated implementation of Category B and C commitments under the WTO-ATF.</li> <li>Aligning customs procedures with the revised Kyoto Convention where possible.</li> <li>Explore the possibility of adopting international best practices in trade facilitation, through increased engagement with relevant international partners.</li> </ul>	<p>ATF-JCC (for trade facilitation)</p> <p>CCBWG (for customs)</p>
<p>3. Improve technical capacity related to non-tariff measures and non-tariff barriers to enable more effective trade facilitation.</p>	<ul style="list-style-type: none"> <li>Minimise trade protection and compliance costs in dealing with NTMs (AEC A.1.10.iii-g).</li> </ul>	<p>AEC 2025 Trade Facilitation Strategic Action Plan:</p> <ul style="list-style-type: none"> <li>Develop a set of guidelines for assessing existing NTMs with the view to identifying trade barrier elements that could subsequently be eliminated.</li> <li>Strengthen National Trade Facilitation Coordinating Committees (established pursuant to Article 50(2) of the ATIGA) to include regulatory oversight functions that would be critical in reviewing existing NTMs.</li> </ul>	<p>ATF-JCC</p>



Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
<p>4. Promote e-commerce adoption, including technical capacity building to strengthen legal and regulatory frameworks for e-commerce.</p>	<ul style="list-style-type: none"> <li>• Harmonised consumer rights and protection laws (AEC C.3.53.i).</li> <li>• Harmonised legal framework for online dispute resolution, taking into account available international standards (AEC C.3.53.ii).</li> <li>• Inter-operable, mutually recognised, secure, reliable and user-friendly e-identification and authorisation (electronic signature) schemes (AEC C.3.53.iii).</li> <li>• Coherent and comprehensive framework for personal data protection (AEC C.3.53.iv).</li> </ul>	<p>ASEAN Work Programme on Electronic Commerce 2017-2025:</p> <ul style="list-style-type: none"> <li>• Voluntary internal and peer reviews of national laws/regulations on e-commerce.</li> <li>• Provide comprehensive updated information on domestic e-commerce-related laws and regulations.</li> </ul>	ACCEC
<b>Micro, Small and Medium Enterprises</b>			<b>ACCMSME</b>
<p>1. Broaden access to financial literacy and productivity training for MSMEs – with a focus on women and youth.</p>	<ul style="list-style-type: none"> <li>• Intensify the implementation of financial education programmes to bolster financial management capacity (AEC A.4.17.ii.c).</li> <li>• Promote productivity, technology and innovation through measures to enhance MSME productivity (AEC D.1.69.i).</li> </ul>	<p>Strategic Action Plan for SME Development 2016-2025:</p> <ul style="list-style-type: none"> <li>• Enhance outreach to promote financial inclusion to increase access to both traditional and alternative financing.</li> <li>• Enhance management and/or technical skills of women and youth entering into the workforce.</li> </ul>	ACCMSME

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
2. Enhance the registration process for starting a business by streamlining permits and registration procedures and promoting Good Regulatory Practices.	<ul style="list-style-type: none"> <li>Reduce the burden placed by business regulators on the creation and successful operation of formal enterprises (AEC D.4.75.iii).</li> <li>Streamline processes involved in obtaining permits and business registrations (AEC D.1.69.iv).</li> </ul>	<p>Strategic Action Plan for SME Development 2016-2025:</p> <ul style="list-style-type: none"> <li>Establish a sound system and streamline permit and registration to enable less costly and faster business formation.</li> </ul>	ACCMSME
3. Build up capacity of business associations to better represent MSME interests in policy making processes and to partner with government in creating a conducive environment for MSMEs.	<ul style="list-style-type: none"> <li>Promote a more responsive ASEAN by strengthening governance through greater transparency in the public sector and in engaging with the private sector (AEC B.6.36.i).</li> </ul>	<p>Strategic Action Plan for SME Development 2016-2025:</p> <ul style="list-style-type: none"> <li>Advocate and promote MSMEs' participation in policy formulation.</li> </ul>	ACCMSME
4. Support the awareness and adoption of relevant technology and digital tools among MSMEs.	<ul style="list-style-type: none"> <li>Promote innovation as a key competitive advantage through technology usage and its application to business and business-academia linkages (AEC D.1.69.i).</li> </ul>	<p>Strategic Action Plan for SME Development 2016-2025:</p> <ul style="list-style-type: none"> <li>Promote key technology usage and its application to business for innovation.</li> </ul>	ACCMSME
5. Support the integration of MSMEs into global value chains, including establishing mechanisms to help MSMEs increase exports.	<ul style="list-style-type: none"> <li>Enhance market access and internationalisation by extending support schemes for market access and integration into the global supply chains (AEC D.1.69.iii).</li> </ul>	<p>Strategic Action Plan for SME Development 2016-2025:</p> <ul style="list-style-type: none"> <li>Increase information on regional and global market access and opportunities.</li> </ul>	ACCMSME

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
		<ul style="list-style-type: none"> <li>• Promote partnership with multinational corporations (MNCs)/ large enterprises to increase market access and opportunities.</li> <li>• Promote adoption of international standards of quality to facilitate market access.</li> <li>• Establish mechanisms to assist in increasing exports.</li> </ul>	ACCMSME
<b>Education</b>			<b>SOM-ED</b>
1. Provide technical and capacity support to enhance the quality of TVET education in CLMV countries and increase awareness on TVET.	<ul style="list-style-type: none"> <li>• Provide mechanisms and enhance institutional capacity to promote vocational education, skills training and promotion of skills recognition (ASCC B.2.iv).</li> </ul>	The ASEAN Work Plan on Education 2021-2025 (Forthcoming).	SOM-ED
2. Support CLMV countries to reduce barriers restricting intra-regional student mobility into CLMV countries, with a particular focus on higher and TVET education.	<ul style="list-style-type: none"> <li>• Promote greater people-to-people interaction and mobility within and outside ASEAN (ASCC E.1.v).</li> <li>• Strengthen regional and global cooperation in enhancing the quality and competitiveness of higher education institutions (ASCC E.2.viii).</li> </ul>	The ASEAN Work Plan on Education 2021-2025 (Forthcoming).	SOM-ED

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
3. Assist CLMV countries to develop programmes to increase the adoption of online learning and other delivery channels to strengthen the resiliency of education and TVET institutions.	<ul style="list-style-type: none"> <li>• Provide mechanisms and enhance institutional capacity to promote greater access to education (ASCC B.2.iv).</li> <li>• People Integration and Empowerment through ICT: Strengthen digital inclusion efforts to empower individuals and to enable community development and explore new ways to enhance internet broadband penetration and affordability in ASEAN (AEC C.2.51.ii).</li> </ul>	The ASEAN Work Plan on Education 2021-2025 (Forthcoming).	SOM-ED
4. Improve the quality of teaching and school leadership in basic education.	<ul style="list-style-type: none"> <li>• Promote equitable opportunities to quality education (ASCC B.2.xi).</li> </ul>	The ASEAN Work Plan on Education 2021-2025 (Forthcoming).	SOM-ED
5. Deliver English language training to government officials and basic education teachers.	<ul style="list-style-type: none"> <li>• Strengthen civil service through effective capacity building, human resource development and collaboration programmes among ASEAN Member States (ASCC A.2.v).</li> <li>• Provide mechanisms and enhance institutional capacity to promote greater access to education and skills training (ASCC B.2.iv).</li> </ul>	The ASEAN Work Plan on Education 2021-2025 (Forthcoming).	SOM-ED

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
<b>Health and Well-being</b>			<b>SOM-HD</b>
1. Strengthen public health security by developing national core capacities in prevention, detection, responses, potentially through the adoption of digital technologies, as well as raising the awareness on disease outbreaks, pandemics and disasters.	<ul style="list-style-type: none"> <li>• Increase competencies and resilience of relevant stakeholders with advanced technological and managerial skills so as to improve institutional capacity to address current challenges and emerging trends, such as disasters, pandemics and climate change (ASCC A.2.i).</li> </ul>	ASEAN Health Work Programme 2021-2025 (Forthcoming).	SOM-HD
2. Provide technical and capacity support to improve the quality of and access to rural health services.	<ul style="list-style-type: none"> <li>• Provide mechanisms and enhance institutional capacity to promote greater access to health services (ASCC B.2.iv).</li> <li>• Promote strong health insurance systems in the region (AEC C7,61.iv).</li> </ul>	ASEAN Health Work Programme 2021-2025 (Forthcoming).	SOM-HD
3. Support CLMV countries to implement programmes that enhance food safety.	<ul style="list-style-type: none"> <li>• Enhance effectiveness of the implementation of strategies and programme - particularly in the areas of social protection, universal health coverage, food safety, poverty eradication, employment and decent work, and trafficking in persons (ASCC B.2.iii).</li> </ul>	ASEAN Food Safety Policy 2016: <ul style="list-style-type: none"> <li>• Establish and implement food safety measures.</li> <li>• Foster the process of harmonisation of food safety measures and control procedures of ASEAN Member States.</li> <li>• Support the efforts of ASEAN Member States in strengthening national food control systems.</li> </ul>	AEGFS

Action	Alignment with ASEAN Community Blueprints	Alignment with sectoral work plans	Sectoral body <sup>79</sup>
	<ul style="list-style-type: none"> <li>Develop new and appropriate technologies, best practices and management systems to ensure food safety and address health/disease and environmental issues, particularly in the fast-growing aquaculture, livestock and horticulture sub-sectors (AEC B8.41.iv).</li> </ul>		
4. Strengthen the capacity of healthcare systems in CLMV to address the increasing prevalence of non-communicable diseases.	<ul style="list-style-type: none"> <li>Promote a community that is healthy, caring, sustainable and productive, and one that practices healthy lifestyle resilient to health threats and has universal access to healthcare (ASCC B.2.xii).</li> </ul>	ASEAN Health Work Programme 2021-2025 (Forthcoming).	SOM-HD
5. Support CLMV countries to end all forms of malnutrition by scaling up nutrition surveillance and developing effective mechanisms to address areas of concern.	<ul style="list-style-type: none"> <li>Promote a community that is healthy, caring, sustainable and productive, and one that practices healthy lifestyle resilient to health threats and has universal access to healthcare (ASCC B.2.xii).</li> </ul>	ASEAN Strategic Framework and Action Plan for Nutrition 2018-2030: <ul style="list-style-type: none"> <li>To strengthen human and institutional capacities on multisectoral planning and evaluation, policy analysis and advocacy, health and nutrition research, nutrition surveillance and service delivery.</li> </ul>	SOM-HD

## **LIST OF ABBREVIATIONS**

<b>ACCEC</b>	ASEAN Coordinating Committee on Electronic Commerce
<b>ACCMSME</b>	ASEAN Coordinating Committee on Micro, Small and Medium Enterprises
<b>ACCSQ</b>	ASEAN Consultative Committee on Standards and Quality
<b>AEGFS</b>	ASEAN Expert Group on Food Safety
<b>ASWG Crops</b>	ASEAN Sectoral Working Group on Crops
<b>ASWG Fisheries</b>	ASEAN Sectoral Working Group on Fisheries
<b>ASWG Livestock</b>	ASEAN Sectoral Working Group on Livestock
<b>ATF-JCC</b>	ASEAN Trade Facilitation Joint Consultative Committee
<b>ATIGA</b>	ASEAN Trade in Goods Agreement
<b>CCBWG</b>	ASEAN Customs Capacity Building Working Group
<b>SEOM</b>	Senior Economic Officials Meeting
<b>SOM-AMAF</b>	Senior Officials Meeting of the ASEAN Ministers on Agriculture and Forestry
<b>SOM-ED</b>	Senior Officials Meeting on Education
<b>SOM-HD</b>	Senior Officials Meeting on Health Development
<b>STRACAP</b>	Standards Technical Regulations and Conformity Assessment Procedures
<b>WTO-ATF</b>	World Trade Organization Agreement on Trade Facilitation

## Annex B. Metrics for Monitoring, Reporting and Evaluation

	Metric available
	Metric requires development

Food and Agriculture	
Objective	Outcome metric
A. Increasing the adoption of sustainable agricultural practices	Emissions from agriculture per hectare of agricultural land. Data available annually from Food and Agriculture Organization (FAO).
	Share of agricultural land equipped for irrigation. Data available annually from FAO.
B. Increasing agricultural productivity	Cereal yield per hectare. Data available annually from FAO.
	Rice yield per hectare. Data available annually from FAO.
	Fruit yield per hectare. Data available annually from FAO.
	Crop production index score. Data available annually from FAO.
	Volume of aquaculture production per capita. Data available annually from FAO.
	Volume of poultry and egg production per capita. Data available annually from FAO.
C. Increasing trade in agricultural products	Value of agricultural exports. Data available annually from ASEAN Secretariat.
	Volume of fishery exports. Data available annually from FAO.
D. Reducing rural poverty	Gap between urban and rural poverty levels at national poverty lines. Data available from AMS and World Bank, although release is irregular.
E. Increasing income of smallholder farmers	Mean nominal monthly earning of agricultural workers. Data available from International Labour Organization (ILO), although release is irregular.
	Difference between mean nominal monthly earning of male and female agricultural workers. Data available from ILO, although release is irregular.
F. Improving Food Security	Prevalence of undernourishment. Data available annually from FAO.
Action	Output metric
1. Exchange best practices and capacity building in improving water management and water-use efficiency in agriculture	Implementation of institutional capacity building programmes to exchange best practices on modern, efficient and responsible irrigation and drainage service delivery.



Action	Output metric
2. Disseminate techniques and technologies to reduce post-harvest losses in crop production, including in food processing	Implementation of training programmes on post-harvest loss prevention techniques.
	Introduction of new technologies and techniques amongst smallholder farmers and food processors.
3. Complete the development and implementation of sustainable agricultural approaches including Good Agricultural Practices, Good Aquaculture Practices and Good Animal Husbandry Practices by raising awareness and training farmers	Implementation of capacity building programmes for farmers on sustainable agricultural approaches.
4. Support smallholder farmers to increase their productivity and market access	Development of capacity building programmes to increase agricultural productivity of smallholder farmers.
	Development of capacity building programmes to enhance market access for smallholder farmers.
5. Introduce agricultural techniques and technologies that safeguard the sector against the potential negative effects of climate change	Introduction of climate-smart techniques and technology into CLMV countries.
<b>Trade Facilitation</b>	
Objective	Outcome metric
A. Increasing market access by harmonising standards or mutually recognising conformity assessment results	Exports as % of GDP. Data available annually from World Bank.
	Merchandise trade (sum of merchandise exports and imports) as % of GDP. Data available annually from World Bank.
B. Completing national commitments to multilateral trade facilitation agreements	Number of Category C commitments under WTO-TFA. Data available from WTO.
C. Lowering the incidence of trade distorting non-tariff measures	Incidence of non-tariff measures. Data available from United Nations Conference on Trade and Development (UNCTAD).
D. Increasing adoption of e-commerce to support trade	B2C E-commerce Index. Data available annually from UNCTAD.
	Gap between share of male and female internet users. Data available from International Telecommunication Union (ITU), although release is irregular.

Action	Output metric
1. Improve harmonisation and implementation of standards and conformity assessment	Commencement of capacity building programmes and sharing of best practices on standards and conformity assessments.
2. Accelerate the implementation of trade facilitation measures, which have been accepted by international institutions such as the World Trade Organization and/or the World Customs Organization	Timely implementation of Category B and C commitments under the WTO-ATF.
3. Improve technical capacity related to non-tariff measures and non-tariff barriers to enable more effective trade facilitation	Uploading of non-tariff measures into National Trade Repositories (NTRs).
4. Promote e-commerce adoption, including technical capacity building to strengthen legal and regulatory frameworks for e-commerce	Development of legal and regulatory framework for e-commerce.
Micro, Small and Medium Enterprises	
Objective	Outcome metric
A. Increasing access to finance for MSMEs	Depth of credit information index. Data available annually from World Bank.
	Ease of access to loans. Data available annually from World Economic Forum Global Competitiveness Index.
	Difference between proportion of male and female adults who own an account at a bank or another type of financial institution. Data available from World Bank, although release is irregular.
B. Reducing the time and cost to start a business	Time required to start a business. Data available annually from World Bank.
	Costs (% of income per capita) required to start a business. Data available annually from World Bank.
	Start-up procedures to register a business (number). Data available annually from World Bank.
C. Raising the productivity of MSMEs	Labour productivity (economic output per worker). Data available annually from ILO.
	SME Policy Index - Technology and Innovation sub index. Data available from Economic Research Institute for ASEAN and East Asia (ERIA), although release is irregular.
D. Supporting the internationalisation of MSMEs	SME Policy Index – Integration into Global Value Chains sub index. Data available from ERIA, although release is irregular.

Action	Output metric
1. Broaden access to financial literacy and productivity training for MSMEs – with a focus on women and youth	Implementation of programmes to address financial literacy and productivity for MSMEs.
2. Enhance the registration process for starting a business by streamlining permits and registration procedures and promoting Good Regulatory Practices	Implementation of online business registration.
	Implementation of regulations to support online business registration.
3. Build up capacity of business associations to better represent MSME interests in policy making processes and to partner with government in creating a conducive environment for MSMEs	Establishment of training programmes on research and advocacy for business associations.
4. Support the awareness and adoption of relevant technology and digital tools among MSMEs	Initiation of programmes that increase the exposure of MSMEs to technology and digital tools relevant to their operations.
5. Support the integration of MSMEs into global value chains, including establishing mechanisms to help MSMEs increase exports	Development of capacity building programmes to enhance market access for MSMEs.
Education	
Objective	Outcome metric
A. Improving the quality of TVET education and maximise employment opportunities of TVET graduates	Completion rate of students in TVET. Data from AMS.
	Share of TVET graduates that found employment within the first 3 months of graduation. Data from AMS.
	Difference between the share of girls and boys enrolled in TVET. Data from AMS.
B. Supporting regional mobility of students	Inbound student mobility rate. Data available annually from United Nations Educational, Scientific and Cultural Organization (UNESCO).
C. Promoting alternative delivery channels of education to increase access and strengthen resilience of the education sector	Internet access in schools. Data available annually from World Economic Forum Global Competitiveness Index.

Objective	Outcome metric
D. Increasing quality of basic education (primary and lower secondary)	Completion rate, primary education by sex. Data available annually from UNESCO.
	Pupil to teacher ratio. Data available annually from UNESCO.
	Quality of Primary Education. Data available annually from World Economic Forum Global Competitiveness Index.
	Mean teaching experience of teaching force (for primary education). Data from AMS.
	Results from Southeast Asia Primary Learning Metrics (SEA PLM) testing on reading, writing and mathematics – broken down at a subnational level. Data from SEA PLM.
E. Improving English language standards across all levels, through inter alia, increasing access to quality English language instruction in and the public service	Proportion of primary schools providing regular English instruction by teachers with professional certification in English. Data from AMS.
	Education First English Proficiency Index. Data available annually from Education First.
Action	Output metric
1. Provide technical and capacity support to enhance the quality of TVET education in CLMV countries and increase awareness on TVET	Commencement of initiatives to increase the participation of private sector firms in TVET education.
	Development of TVET curriculum to meet industry requirements.
2. Support CLMV countries to reduce barriers restricting intra-regional student mobility into CLMV countries, with a particular focus on higher and TVET education	Development of initiatives to increase inbound students into CLMV countries in higher and TVET education.
3. Assist CLMV countries to develop programmes to increase the adoption of online learning and other delivery channels to strengthen the resiliency of education and TVET institutions	Refinement and delivery of curriculum for alternative education delivery channels.
4. Improve the quality of teaching and school leadership in basic education	Implementation of capacity building programmes for teachers and school leadership (e.g. principals, councils) based on findings from international learning assessments.
5. Deliver English language training to government officials and basic education teachers	Establishment of programmes to provide English language instruction training for government officials and basic education teachers.

Health and Well-being	
Objective	Outcome metric
A. Promoting a more effective and responsive healthcare system	Doctor, nursing, and midwifery personnel per 10,000 people. Data available from World Health Organization (WHO), although release is irregular.
	Difference in hospital beds per 10,000 people in urban and rural areas. Data available from WHO, although release is irregular.
B. Improving food safety	Global Food Security Index - Food Safety Component. Data available annually from Economist Intelligence Unit (EIU).
	International Health Regulations (IHR) Capacity Questionnaire - Food Safety. Data available from WHO, though release is irregular.
C. Reducing deaths caused by non-communicable diseases	NCD mortality rate. Data available from WHO, although release is irregular.
	NCD mortality by sex. Data available from WHO, although release is irregular.
D. Ending all forms of malnutrition	Prevalence of stunting, height for age (% of children under five years old). Data available annually from WHO.
Action	Output metric
1. Strengthen public health security by developing national core capacities in prevention, detection, responses potentially through the adoption of digital technologies, as well as raising the awareness on disease outbreaks, pandemics and disasters	Implementation of capacity building programmes (e.g. training on specimen packaging and transport, bio risk management, developing and training on standard operating procedures in laboratories) for the public health sector to respond better to disease outbreaks, pandemics and disasters.
	Commencement of initiatives to increase the awareness of the public on best practices during disease outbreaks, pandemics and disasters.
2. Provide technical and capacity support to improve the quality of and access to rural health services	Introduction of programmes and technologies to increase access to quality healthcare in rural areas.
3. Support CLMV countries to implement programmes that enhance food safety	Expansion of food safety testing guidelines and programmes across the value chain.
	Implementation of training programmes for food inspectors and testing.
4. Strengthen the capacity of healthcare systems in CLMV to address the increasing prevalence of non-communicable diseases	Development and dissemination of national non-communicable diseases prevention guidelines.

Action	Output metric
5. Support CLMV countries to end all forms of malnutrition by scaling up nutrition surveillance and developing effective mechanisms to address areas of concern	Development of strategies to enhance nutrition service delivery, especially to needy communities.
	Expansion of nutrition surveillance activities.

# Annex C. Guidelines for IAI Projects

## INTRODUCTION

1. With the aim of narrowing the development gaps among the ASEAN Member States and contributing to ASEAN integration, the IAI Work Plan is the main instrument to promote and pursue equitable economic development and strengthen cooperation in ASEAN. The IAI Work Plan is also the reference document for establishing development cooperation and assistance with ASEAN-6, ASEAN Partners and external parties.
2. IAI projects shall take into account the level of development and absorptive capacity of the CLMV countries.
3. The purpose of the Guidelines for IAI Projects is to provide information to project proponents regarding the identification, development and approval of projects related to the IAI Work Plan.

## IMPLEMENTATION PROCEDURE

### I. Qualification Criteria

4. A project/programme/activity developed as an IAI Project shall meet all of the following criteria:
  - a. Align with the ASEAN Community Blueprints, including relevant ASEAN sectoral work plans where possible, and receive support from the relevant sectoral body<sup>80</sup>;
  - b. Support the implementation of the existing IAI Work Plan; and
  - c. Benefit all four or at least two CLMV countries as beneficiaries.
5. The project contributes to capacity building and human resource development, alleviation of poverty and/or the provision of technical assistance, hardware, equipment and facilities.
6. The qualified IAI projects shall obtain agreement of the respective CLMV countries, which are the targeted beneficiaries, and endorsement from the IAI Task Force by ad-referendum or at the IAI Task Force Meeting.
7. Alternative and innovative resource mobilisation of varying levels and approaches to implementation, such as tripartite/triangular cooperation<sup>81</sup> and projects that begin with one CLMV country and which are extended to other CLMV countries within two years from the date of commencement of the project and before the expiry of the existing IAI Work Plan, can be considered for approval as an IAI project to address the different needs of each CLMV country, provided it meets other qualification criteria outlined in this document.

<sup>80</sup> Should there be no response from the relevant sectoral body within the agreed timeframe, the project proposal will be deemed as accepted.

<sup>81</sup> Cooperation involving three parties: a) CLMV Countries, b) ASEAN-6 country(ies), c) Partner(s)/external party(ies).

8. ASEAN-wide projects can be considered as IAI projects if they are designed to meet the specific needs and requirements of CLMV countries as outlined in the IAI Work Plan and extra resources are allocated to benefit CLMV countries.
9. In light of the severe adverse implications of the COVID-19 pandemic on ASEAN as a region, and the need to efficiently allocate resources, capacity building programmes that qualify as an IAI project could include participants from other AMS, provided that it meets the following two criteria:
  - a. **Participants from other AMS do not divert the budget resources from the targeted CLMV countries** (e.g. an online seminar could be opened to government officials from other AMS as this does not reduce the resources available to the targeted beneficiaries); and
  - b. **The majority of participants come from CLMV countries.** This is to ensure that CLMV countries remain the priority of these projects.

This arrangement can be reviewed by the IAI Task Force, as deemed appropriate.

## ROLES OF THE ASEAN SECRETARIAT

10. The Initiative for ASEAN Integration and Narrowing the Development Gap (IAI & NDG) Division shall assist in developing and implementing IAI projects, where necessary, in coordination with the relevant desk officers and focal points of the ASEAN Member States and ASEAN Partners.
11. The IAI & NDG Division shall provide an initial assessment of the project's compliance with the Guidelines for IAI Projects to aid the IAI Task Force in the endorsement process.
12. The IAI & NDG Division shall provide status updates on project implementation, resource mobilisation, and report on the overall coordination of the IAI Work Plan at every IAI Task Force meeting.

## MONITORING AND EVALUATION

13. During the implementation and upon completion of the project, effective monitoring and evaluation should be undertaken to ensure that the objectives of narrowing the development gap are met and benefits for CLMV countries are also sustained at the national level.

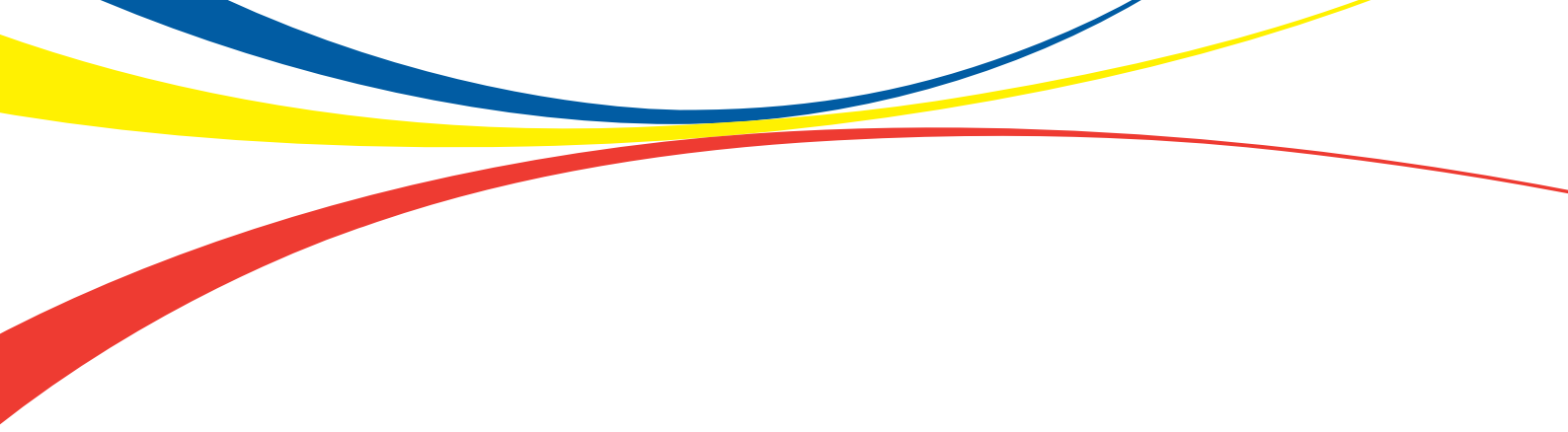
## REVIEW AND AMENDMENT

14. The IAI Task Force may review and amend the guidelines as appropriate and necessary.

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