

Mapping South-South Cooperation in ASEAN

Published in September 2018

Printed in Thailand

This is a publication of the Ministry of Foreign Affairs of Thailand, prepared in collaboration with the ASEAN Secretariat and the United Nations Office for South-South Cooperation (UNOSSC).

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e-ISBN:

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FOREWORDS

As a regional organisation of ten Southeast Asian nations, the Association of Southeast Asian Nations or ASEAN is a living example of South-South cooperation. Mutually beneficial cooperation has been the backbone of ASEAN since its inception and laid the foundation for ASEAN's advancing to regional integration and the development of an ASEAN Community.



This publication – *Mapping South-South Cooperation in ASEAN* – highlights some of ASEAN's successful initiatives and projects that show how ASEAN Member States work together to achieve their common goals and serve as useful reminders of the benefit of South-South cooperation. The “Complementarities Initiative”, for example, is ASEAN's version of South-South cooperation, supported by North-South partnerships, that aims to develop cross-cutting regional catalysts that promote an inclusive and people-centred ASEAN Community, while simultaneously helping ASEAN Member States attain the Sustainable Development Goals (SDGs). Cooperation on connectivity, through the Master Plans on ASEAN Connectivity 2010 and 2025, is another example of how ASEAN's joint efforts in regional infrastructure projects lead to economic growth and development in ASEAN Member States and improves the well-being of its peoples.

As the ASEAN Coordinator for sustainable development cooperation, Thailand has been working closely with ASEAN Partners and partners outside Southeast Asia including international organisations and international financial institutions to translate the concept of South-South cooperation on sustainable development into concrete deliverables and outcomes.

In sum, Thailand believes that ASEAN itself represents one model of effective South-South cooperation. And furthermore, its partnerships with many external partners are good case studies of mutually beneficial North-South cooperation. These two processes intersect in this particular case on the very important issue of sustainable development cooperation and ASEAN Community-building.

Thailand wishes to thank ASEAN Member States and the ASEAN Secretariat for providing insights and perspectives of various success stories of South-South cooperation in the Southeast Asia region for this project.

Thailand hopes that the exchanges of best-practices among the South on sustainable development will contribute to even more effective South-South cooperation in the future.

A handwritten signature in dark ink, appearing to read 'Don Pramudwinai'.

Don Pramudwinai

Minister of Foreign Affairs of Thailand

FOREWORD (ASEAN Secretariat)

With the emergence and prominence of the sustainable development agenda and the significant and growing role of South-South Cooperation in partnerships for development cooperation, the Royal Thai Government engaged the United Nations Office for South-South Cooperation (UNOSSC) to undertake a mapping of South-South cooperation in the Association of South East Asian Nations (ASEAN).



The intended goal of the mapping was to identify best practices, especially between ASEAN Member States as well as challenges to South-South Cooperation. ASEAN is the cradle of development cooperation among developing countries. From the Bandung Conference in Indonesia to Malaysia's vibrant South-South Cooperation in the 1990s to the various capacity building programmes in Singapore and Thailand, South-South Cooperation has been on the march in the region even before it gained its currency. As a result of this engagement, it was inevitable that the study would find out that a lot of the cooperation in ASEAN is South-South Cooperation, showing traits of the main principles of engagement in South-South Cooperation and the challenges too. In any case, regional cooperation among developing countries is South-South Cooperation. Furthermore, as the countries in ASEAN have reached different levels of economic and human development, the publication also showcases examples of triangular cooperation..

The study shows that there are many levers that propel the success of ASEAN. Although case studies of some institutions, policies or programmes were done, a picture emerged that it would be best to look at ASEAN and learn lessons from the various angles that South-South Cooperation has been implemented. Perhaps the most significant of those angles is the bedrock of the cooperation in the region which requires consensus on every decision by every Member State. That is a strong principle of South-South Cooperation and the equal partnership under Triangular Cooperation that some countries are calling for. Criticisms of South-South and Triangular Cooperation have been that it may be cumbersome. ASEAN shows that it works. At the same time the researchers found out that there is a dearth of information and data that could have been used to assess the success and challenges of individual initiatives and programmes in ASEAN. This is once more a topical issue about telling the stories of South-South Cooperation. There is a need for more data gathering and analysis.

The UN Office for South-South Cooperation is grateful to the Department for ASEAN Affairs, Ministry of Foreign Affairs of Thailand for guidance and introducing the initiative to other ASEAN Member States; to the ASEAN Member States that embraced the initiative when it was presented to them; and the ASEAN Secretariat for helping the research team with information.

Jorge Chediek

Director and Envoy of the Secretary-General on South-South Cooperation

ACKNOWLEDGEMENTS

Mapping South-South Cooperation in ASEAN was prepared under the guidance of the Ministry of Foreign Affairs (MFA) of the Kingdom of Thailand, the ASEAN Secretariat and the United Nations Office for South-South Cooperation (UNOSSC).

The publication was compiled by the lead author Banashri Sinha, an individual consultant, based on directions and reviews given by Denis Nkala and Premruedee Lotharukpong (UNOSSC); Suriya Chindawongse, Usana Berananda, Waramon Waruttama, Sirithon Wairatpanij, Natta Akapaiboon, Chuthatuch Chantharapong and Morakot Weerawongphrom (MFA, Thailand); and Ngoc Son Nguyen (ASEAN Secretariat).

The report further benefitted from interviews and inputs of the following persons: Vongthep Arthakaivalvate (Deputy Secretary-General, ASEAN Socio-Cultural Community); Marisan Hartati Nadeak (ASEAN Secretariat); Thi Thi Soe and U Aung Kyaw Soe (National Focal Points, Myanmar); Azizul Akram bin Abdul Kamal and Sobri bin Mohd Mansori (National Focal Point, Malaysia); Choltis Dhirathiti and Achavadee Wiroonpetch (AUN); Adelina Kamal and Dipo Djungdjungan Summa (AHA Center); Watcharas Leelawath and Jutamas Thongcharoen (Mekong Institute); and Mongkol Charoonsri (NEDA); Lim Chze Cheen; Julia Tijaja; Wan Joon Lian; Joel De Leon Atienza; Dameria Rimta K. Silangit; Vania Karimah; Mardiah Hayati; Ngoc Son Nguyen; Tan Tai Hiong; Nora'in Ali; Flordeliza G. Batiao; Panadda Dsananda; Audiba T. Suwarso.

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ACRONYMS

AADMER	ASEAN Agreement on Disaster Management and Emergency Response
ABINet	ASEAN Business Incubator Network
ACC	ASEAN Coordination Council
ACCC	ASEAN Connectivity Coordinating Committee
ACCMSME	ASEAN Coordinating Committee for Micro, Small and Medium Enterprises
ACDM	ASEAN Committee on Disaster Management
ACF	ASEAN Cultural Fund
ACIA	ASEAN Comprehensive Investment Agreement
ACTI	ASEAN Connectivity Through Trade and Investment
ACSDSD	ASEAN Centre for Sustainable Development Studies and Dialogue
ACW	ASEAN Committee on Women
ACWO	ASEAN Confederation of Women's Organisations
ADB	Asian Development Bank
ADF	ASEAN Development Fund
ADInet	ASEAN Disaster Information Network
AEC	ASEAN Economic Community
AF	ASEAN Foundation
AFTA	ASEAN Free Trade Area
AIGA	ASEAN Investment Guarantee Agreement
AHA	ASEAN Coordinating Centre for Humanitarian Assistance
AIA	ASEAN Investment Area
AIF	ASEAN infrastructure Fund
AMEN	ASEAN Mentorship for Entrepreneurs Network
AMS	ASEAN Member States
APG	ASEAN Power Grid
APT	ASEAN plus Three
ASCN	ASEAN Smart Cities Network
ASEAN	Association of South-East Asian Nations
ASPEN	ASEAN Strategic Plan on Environment
AUN	ASEAN University Network
AWEN	ASEAN Women Entrepreneurs' Network
BIMP-EAGA	Brunei Darussalam–Indonesia–Malaysia–The Philippines East ASEAN Growth Area
CEPT	Common Effective Preferential Tariff
CLMV	Cambodia, Lao PDR, Myanmar and Viet Nam
CPR	Committee of Permanent Representatives
DELSA	Disaster Emergency Logistics System for ASEAN
DRMS	Disaster Monitoring and Response System
EAS	East Asia Summit
ESCAP	Economic and Social Commission for Asia and Pacific
EU	European Union
FA	Financial Assistance
FDI	Foreign Direct Investment
FTA	Free Trade Agreements
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region

GVC	Global Value Chains
HLTF	High-Level Task Force
IAI	Initiative for ASEAN Integration
ICT	Information and Communication Technology
IMTGT	Indonesia-Malaysia-Thailand Growth Triangle
ISTIC	International Science and Technology Innovation Centre
JICA	Japan International Cooperation Agency
KI	Krabi Initiative
LDC	Least Developed Country
MDB	Multilateral Development Bank
M&E	Monitoring and Evaluation
MI	Mekong Institute
MFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
MPAC	Master Plan of ASEAN Connectivity
MSME	Micro, Small and Medium Enterprises
NDGI	Narrowing the Development Gap Indicators
NEDA	Neighbouring Countries Economic Development Cooperation Agency
NTM	Non-tariff measures
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PoA	Plan of Action
PPP	Public Private Partnerships
R & D	Research and Development
RCM	Regional Coordination Mechanism
RECEP	Regional Comprehensive Economic Partnership
S & T	Science and Technology
SDG	Sustainable Development Goals
SEZ	Special economic Zone
SME	Small to Medium enterprises
SSC	South-South Cooperation
SS&TrC	South-South and Triangular Cooperation
STEM	Science, Technology, Engineering and Mathematics
SU-TCDC	Special Unit for Technical Cooperation among Developing Countries
TA	Technical Assistance
TCDC	Technical Cooperation among Developing Countries
TCTC	Third Country Technical Cooperation
TrC	Triangular Cooperation
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNOSSC	United Nations Office for South-South Cooperation
USD	United States Dollars
WebEOC	Web-based Emergency Operation Centre

EXECUTIVE SUMMARY

ASEAN as a regional organisation is recognised globally for its success in regional integration and in addressing development gaps. In dealing with the emerging challenges, ASEAN's area of cooperation and agreements cover a wide range of policy issues.

South-South cooperation (SSC) is defined by the United Nations Office for South-South Cooperation (UNOSSC) as a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, intraregional or interregional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts. Usually defined and implemented in tandem with South-South Cooperation, Triangular Cooperation (TrC) is a type of collaboration in which traditional donor countries and multilateral organisations facilitate South-South initiatives through the provision of funding, training, management and technological systems as well as other forms of support¹.

The foundations of ASEAN share with South-South Cooperation principles. As a result, the cooperation among the Member States exhibits traits of principles of South-South Cooperation including manifestation of solidarity, respect for sovereignty and the equality of all the voices of Member States in decision-making.

Regional integration for developing countries as in ASEAN is synonymous to SSC. A synthesis of lessons learnt from the case studies is that South-South Cooperation among ASEAN Member States has been an important instrument in realising the regional integration efforts. The SSC taking place in ASEAN also demonstrates the intertwined and mutually reinforcing regional and global partnerships. The Comprehensive ASEAN-UN partnership provides a strong case. In particular, the Complementarities Initiative illustrates ASEAN efforts and achievements in bridging the national, regional and global agendas towards achieving an ASEAN Community that is inclusive, people-centred and people-oriented with no one left behind. The Initiative also depicts triangular cooperation where collaboration between ASEAN and the UN, followed by action, will lead to sustainability gains for ASEAN Member States.

In mapping SSC in ASEAN, the publication takes stock of initiatives and arrangements in ASEAN Member States designed to attain sustainable development within the context of regional integration, while assisting Member States to strengthen knowledge sharing, capacity building and technical assistance among themselves and with other development partners. South-South Cooperation initiatives are showcased through 5 topics i.e.; (1) Regional Integration (2) Trade and Investment (3) Capacity Building and Human Development (4) Sustainability/ Green Economy and (5) Resilience.

¹ United Nations Office for South-South Cooperation (UNOSSC). (n.d.). *About South-South and Triangular Cooperation*. [online] Available at: <https://www.unsouthsouth.org/about/about-stc/>

Several case studies have been compiled under the five areas with a view to showcasing South-South cooperation in ASEAN integration. The cases are summarised in the next sections.

I. Regional Integration

- ✚ The Master Plan on ASEAN Connectivity (MPAC) through its three-tier approach encompasses broad issues on “Physical”, “Institutional”, and “People-to-People” connectivity: The thread that runs across all the projects, strategies and the implementation measures is a collaborative effort between ASEAN Member States and Dialogue Partners and Other External Partners. Integration is pursued in economic growth as well as improvement of social aspects of the community through exchange of knowledge, resources and technical know-how.
- ✚ Initiative for ASEAN Integration (IAI): With the admission of Cambodia, Lao PDR, Myanmar and Viet Nam (the CLMV countries) to ASEAN, ASEAN realised the potential of an expanded single economic base covering the whole of Southeast Asia. The IAI Work Plans were initiated to remove obstacles standing in the way of an equitable and inclusive growth path in key sectors such as trade, investment, education and health. SSC and TrC had a major influence on shaping the future direction of IAI Work Plan with a number of diverse forms of intra-ASEAN cooperation, such as bilateral assistance, sub-regional cooperation, technical assistance and capacity-building initiatives.
- ✚ Complementarities Initiative between the ASEAN Community Vision 2025 and the United Nations Agenda for Sustainable Development: ASEAN is committed to the achievement of two important agendas – the ASEAN Community Vision 2025 and the United Nations 2030 Agenda for Sustainable Development. ASEAN has built a framework of complementarities between the two consisting of five priority areas as well as seven concrete flagship initiatives that, once addressed, would advance the achievement of the two parallel development agendas.

II. Trade and Investment

- ✚ Trade and Investment Agreements: ASEAN commits to leveraging its increasing intra-regional economic interconnectedness. The ASEAN Free-Trade Agreement (AFTA) targets, “achievement of a highly integrated and cohesive economy”, are envisioned in the ASEAN Community Vision 2025 and relevant Sustainable Development Goals (SDGs). The ASEAN Comprehensive Investment Agreement (ACIA) accords preferential treatment as well as to grant special and differential treatment and other flexibilities to Member States depending on their level of development. Both agreements have proved that South-South principles have been adopted to achieve the potential for ASEAN to become an economic giant.
- ✚ Micro, Small and Medium Enterprises (MSME): ASEAN has placed emphasis on the promotion of innovation to enable MSME to grow through seizing the opportunities provided by the region’s economic integration. MSME have also provided opportunities for women’s economic empowerment. ASEAN and the individual Member States have been progressive in mainstreaming gender perspectives in institutional mechanisms, action plans and policies in this regard.

III. Capacity-Building and Human Development

- ✚ The case studies of the ASEAN Foundation, ASEAN University Network (AUN) and Mekong Institute: Faced with new challenges such as artificial intelligence, economies relying on big data, massive escalation of infrastructure and a changing demography, ASEAN and non-state actors are all responding to the challenges. The South-South cooperation spirit of solidarity manifested at the regional level has in turn given incentives to various stakeholders to take collective actions at sub-regional, national and local levels. Strong institutions and interplay among stakeholders in ASEAN countries in these areas also served as enablers for SSC and TrC to grow hand-in-hand.

IV. Sustainability and Green Economy

- ✚ The case studies on the ASEAN Smart Cities Network (ASCN) and the ASEAN Institute for Green Economy (AIGE): The case studies give a trajectory of ASEAN cooperative efforts to mainstream Science, Technology and Innovation (STI) in sync with sustainability aspects in realising an ASEAN Community that is resilient, innovative, sustainable and highly integrated.

V. Resilience

- ✚ ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre): ASEAN is one of the most natural disaster-prone regions in the world. It is also among the most progressive regional organisations in disaster management and emergency response. The successful operations of the AHA Centre have grown into a systematic and collective operation among ASEAN Member States with prospects for expanded multi-stakeholder partnership within the region and beyond.

Recommended Actions

The concluding chapter of the publication analyses the challenges that ASEAN still has, the opportunities for action and offers seven recommendations towards strengthening South-South cooperation, sustainability and a future where ASEAN expands its reach as a global actor. The recommendations are listed in the following section.

1. ASEAN could take leadership in addressing knowledge and data gaps in the area of South-South Cooperation within ASEAN and across ASEAN Member States, by bringing in regional experiences, best practices and expertise to Member States in need. Knowledge/information platforms that compile not only data but also broader information such as case studies, to be maintained by ASEAN Member States or the Secretariat can help contribute to address the gaps.
2. To address resource sustainability, it is recommended that ASEAN reaches out to an expanded scope of the existing funding or to establish new funds. Alternative and innovative financing through public-private partnerships and engagement with other non-state actors such as philanthropist organisations is also encouraged.
3. Solidarity that is deeply embedded among Member States continues to be a significant driving force for ASEAN since its inception and should continue to be nurtured in recent innovative programmes, especially the Complementarities Initiative and the

ASEAN Smart Cities Network (ASCN), encourage the sharing of such experiences and best practices to scale up the application of smart solutions to issues faced by ASEAN cities.

4. Intra-regional and inter-regional synergies will be a critical next step for ASEAN attainment of sustainable development and regional integration. Within ASEAN, the focus to attain synergy through connection to other institutions is recommended in the areas of sustainable development, disaster management and regional connectivity, specifically;

✚ The ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDSD) to be established by Thailand as a regional support facility should work in partnership with other existing centres such as the ASEAN Institute for Green Economy (AIGE) in Myanmar and the Sustainable Development Solutions Network (SDSN) in Indonesia, Malaysia, and the Philippines.

✚ Towards continued resilience-building in the region, greater coordination between National Disaster Management Offices (NDMOs) of ASEAN and regional centres (including the AHA Centre) as well as cooperation with other centres in the Asia-Pacific will be essential. For example, the Asian Disaster Reduction Centre (ADRC) in Kobe, Japan.

✚ “Connecting its connectivity” requires ASEAN scaled up connectedness to other regional connectivity frameworks, including the Belt and Road Initiative (BRI) of China, Quality Infrastructure of Japan and Act East of India. The linkages will boost ASEAN attractiveness as the main gateway to Asia.

5. ASEAN could further advance its progress in gender mainstreaming across its three pillars. Empowering women as an agent of change beyond economic field could be the way forward. Disaster risk reduction in sync with the Sendai Framework is one possibility.
6. ASEAN has much to share from its over five decades as a leading exponent of implementing effective SSC. In a nutshell, ASEAN could expand its footprint through sharing its initiatives and success stories to other regional organisations and the world. ASEAN engagement in the Second High-level United Nations Conference on South-South Cooperation (BAPA+40 Conference) to be held in Buenos Aires, Argentina, from 20 to 22 March 2019 is therefore encouraged.

Conclusion

ASEAN is uniquely positioned to achieve its regional integration vision and the Sustainable Development Goals. A number of case studies, interviews with some key decision-makers and assessment of its initiatives attest to this assertion. Furthermore, the analysis shows that ASEAN is a South-South institution, rooted in the principles of solidarity and equality of its Member States. Another aspect of SSC is flexibility, a voiding a strait-jacket about what works and does not work. ASEAN has always been consensual and inclusive in its approach to bridge the existing gaps among its members. ASEAN has accepted the partnership and support from the international community and

developed countries. To this end, SSC and TrC continue to be significant platforms to address regional and global agendas.

INTRODUCTION

A. The Association of Southeast Asian Nations

The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration). The Declaration was signed by the founding members of ASEAN, namely Indonesia,

Figure 1: ASEAN Member States and year of signing in Malaysia, Philippines, Singapore and



Thailand. Other Member States subsequently joined the Association as shown in Figure 1. Brunei Darussalam was the first new member to join in 1984. Viet Nam was admitted in 1995, Lao People's Democratic Republic (Lao PDR) in 1997, Myanmar also in 1997 and Cambodia in 1999.

ASEAN was established with a view to promoting regional peace and stability. In the beginning, it was conceived as a loose regional platform that upholds the respect and equality of its members. Over the years the ASEAN Member States (AMS) progressively strengthened the Association culminating in the creation of an ASEAN Community. Along the way, several instruments were created to strengthen the Association.

In 1997 the ASEAN Leaders adopted the ASEAN Vision 2020, with a commitment to transform ASEAN into a stable, prosperous, and highly-competitive region with equitable economic development and reduced poverty and socio-economic disparities. The momentum advanced with the accession of Cambodia, hence the membership is complete with ten Member States. The Vision strengthened the sense of solidarity and unity among Member States and fuelled their aspiration to press ahead with community-building.

To further concretise the process towards the ASEAN Vision 2020, the ASEAN Leaders adopted the historic Declaration, ASEAN Concord II (Bali Concord II) in 2003. The ASEAN Community would be comprised of three pillars, namely; ASEAN Political and Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC). The three Community pillars would be closely intertwined and mutually reinforced for the purpose of peace, stability and shared prosperity in the region.

Conscious that the strengthening of ASEAN integration will reinforce its centrality and role as the driving force in charting the evolving regional architecture², ASEAN Leaders issued

²ASEAN (2009). *The ASEAN Political-Security Community Blueprint*. Jakarta: ASEAN Secretariat

the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015. To this end, ASEAN realised the need for institutional frameworks to operationalise the process. The AEC Blueprint (2008-2015) was launched in 2007, followed by the APSC Blueprint (2009-2015), the ASCC Blueprint (2009-2015) and the Roadmap for an ASEAN Community (2009-2015) at the 14th ASEAN Summit in 2009 respectively.

The ASEAN Member States continued to intensify efforts towards the establishment of the ASEAN Community with the promulgation of the ASEAN Charter in 2008 with the stated goal, “to ensure sustainable development for the benefit of present and future generations, and to place the well-being, livelihood and welfare of the peoples at the centre of the ASEAN Community building process”³. The Charter became a constitutional legal-binding instrument that provided a legal as well as an institutional framework for ASEAN.

The establishment of the ASEAN Community on 31 December 2015 marked a historic development and important milestone in the evolvement of ASEAN since its inception. ASEAN envisaged further consolidation, deeper integration and stronger cohesiveness as a Community. The “ASEAN 2025 Vision: Forging Ahead Together” comprising the ASEAN Community Vision 2025, and the three corresponding Community Blueprints for its three pillars were therefore charted with the forward-looking aspiration to become a “politically cohesive, economically integrated, and socially responsible,” ASEAN Community as seen in Figure 2.

Figure 2: ASEAN Community - 3 Pillars



Source: ASEAN Secretariat

Comment [Office1]: From AIMD: The AEC characteristics here are outdated (this is from the previous blueprint). The new blueprint has 5, not 4, characteristics, please replace.

³ ASEAN (2008). *The ASEAN Charter*. Jakarta: ASEAN Secretariat.

Over the years, ASEAN has cultivated close cooperation with countries and organisations outside the region in numerous fields such as trade, investment, human resource development, science and technology, education, prevention of drug trafficking and anti-terrorism. These are done through the frameworks of ASEAN+1 with any of its Dialogue Partners, ASEAN Plus Three (APT) and the East Asia Summit (EAS)⁴. The APT seeks to promote greater cooperation in economic and many functional areas, while the EAS serves as a forum for strategic dialogue amongst the ten ASEAN Member States and its key partners, and seeks to reinforce ASEAN centrality in the regional architecture for the wider Asia-Pacific region.

B. ASEAN and United Nations

Figure 3: ASEAN- UN key Initiatives



Since the early 1970s, ASEAN initiated relations with the United Nations (UN) system (Figure 3)⁵. In 2007, a Memorandum of Understanding (MoU) between ASEAN and the UN on ASEAN-UN Cooperation was signed in New York. The MoU provisions encompassed the full range of cooperation based on mutual benefits, including political, economic, and socio-cultural areas. In 2011, with the adoption of the Joint Declaration of the

Comprehensive Partnership between ASEAN and the UN, a framework in the spheres of political-security, economic and socio-cultural, and secretariat-to-secretariat cooperation was strengthened.

At the regional level, ASEAN has recently collaborated with UN Agencies. The Regional Coordination Mechanism (RCM) aims to strengthen policy and programme coherence of the UN at the regional level. In the Asia-Pacific region, the Economic and Social Commission for Asia and the Pacific (ESCAP) convenes the RCM. The RCM fosters and enhances UN Agency collaboration to implement Sustainable Development Goals (SDGs). The UN in the Asia-Pacific Region, (through the RCM), and ASEAN are working together towards sustainable development in the sub-region.

⁴ Ministry of Foreign Affairs of Thailand. (2014). *ASEAN's External Relations*. [online] Available at: <http://www.mfa.go.th/asean/en/organize/62217-ASEAN%E2%80%99s-External-Relations.html> [Accessed 20 Jun. 2018].

⁵ Author's own illustration. Association of Southeast Asian Nations (ASEAN). (2017). *An Overview of ASEAN-United Nations Cooperation*. [online] Available at: http://asean.org/?static_post=background-overview-united-nations.

C. South-South Cooperation



South-South cooperation (SSC) is a broad framework of collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Recent developments in South-South cooperation have taken the form of increased volumes of South-South trade, South-South flows of foreign direct investment, movements

towards regional integration, technology transfers, sharing of development solutions and experts, and other forms of exchanges.⁶ Regional cooperation arrangements made between developing countries such as ASEAN are inherently vehicles of South-South Cooperation for translating a common vision into reality and for sharing common goods in the process of doing so.

South-South Cooperation is implemented mainly in the form of a “Development Compact”, which works through five different modalities; namely, capacity building, grants, concessional finance, technology transfer and trade linkages⁷. South-South Cooperation is gaining recognition globally in helping developing countries as a vehicle to facilitate implementation of SDGs (Goal 17) pertaining to the partnership for development cooperation.

Figure 4: South-South and Triangular Cooperation



Source: international labour organisation (ILO)

Increasingly triangular cooperation has become the means through which developed countries or international and multilateral organisations engage with partners in South-South Cooperation through the provision of funding, knowledge and technical expertise. Triangular Cooperation is defined as “Southern-driven partnerships between two or more developing countries, supported by a developed country(ies) or multilateral organisation(s), to implement development cooperation programmes and projects”⁸.

⁶ United Nations Office for South-South Cooperation (UNOSSC). (n.d.). *About South-South and Triangular Cooperation*. [online] Available at: <https://www.unsouthsouth.org/about/about-ssc/>.

⁷ United Nations ESCAP. (2018). *Regional Consultation on South-South Cooperation in Asia and the Pacific*. [online] Available at: <https://www.unescap.org/events/regional-south-south-cooperation>

⁸ United Nations Development Programme (UNDP). (2014). *Frequently Asked Questions for South-South Cooperation*. [online] Available at: http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Development%20Cooperation%20and%20Finance/SSC_FAQ%20v1.pdf

D. ASEAN and South-South Cooperation

ASEAN has been a strong South-South cooperation (SSC) institution over the last five decades. One of the founding ASEAN Member States, Indonesia, was the host of the Bandung Conference in 1955. The Bandung Conference is generally perceived to be the birth place of technical cooperation among developing countries (TCDC), a precursor to South-South cooperation. It is therefore not surprising that the underpinnings of ASEAN reflected South-South Cooperation principles. The principles of SSC are shared in the ASEAN Charter e.g. “respect for sovereignty and diversity, non-interference, shared commitment and collective responsibility to regional peace, security and prosperity.” In Box 1, some of the key principles as applied in ASEAN are analysed.

Box 1: ASEAN and South-South Cooperation

Solidarity: The norm of “better together” as one community, one vision, one identity, provides strong fundamentals and rationale for partnership. The ASEAN logo of ten brown sheaves of rice stalks, captures the essence of South-South Cooperation in ASEAN that ten sheaves are stronger than one.

In ASEAN, “**Consensus**” provides grounds for cooperation that mirror those of SSC. Basically, no one-hat-fits-all approach is imposed. This is clear in the trade and investment field. ASEAN has tailor-made the formula of cooperation to align with various needs of its members. For example, implementation of tariff reduction and ASEAN Comprehensive Investment Agreement (ACIA) are phased out according to AMS’s capacity.

“SSC complements North South Cooperation”: The popular notion in SSC discourse is, “SSC is a complement, not a substitute to North-South Cooperation”. ASEAN strong institutions and delivery have drawn northern partners to expand cooperation with Southern countries and invest their resources in this region through Triangular Cooperation (TrC).

E. Objectives of Publication

This report is compiled to meet the following objectives:

1. Take stock of SSC among ASEAN Member States and their institutions in forging sustainable development in the process of regional integration, trade and investment, capacity development, green economy and resilience;
2. Assist ASEAN to strengthen knowledge sharing, capacity building and technical assistance among themselves and with other development partners;
3. Provide other governments, development partners and any other interested stakeholder information on ASEAN’s SSC and development structures, and,
4. Share with other developing countries and other regional organisations the foundations of ASEAN’s on-going and successful development undertakings which in turn will be a window for development partners to see and recognise opportunities for collaboration with ASEAN.

Chapter 1: REGIONAL INTEGRATION

ASEAN is one of the most dynamic and fast-growing regions in the world with a comprehensive forward-looking agenda towards regional integration. The admission of Cambodia, the Lao PDR, Myanmar and Viet Nam (CLMV) completed the number of ASEAN Member States to the current 10. This development fulfilled the founding fathers' vision of fostering meaningful cooperation among countries in the Southeast Asian region. The stronger sense of unity among Member States fuelled the aspiration for increased regional solidarity in addressing global issues. Economically, ASEAN was poised to leverage its status of a large production base to spur growth and development. With ten economies at different stages of development, new dynamics emerged in ASEAN. Thus, ASEAN moved to reduce development gaps between Member States and to promote equitable development. An interview with Mr. Vongthep Arthakaivalvate, Deputy Secretary-General for ASEAN Socio-Cultural Community (ASCC), highlights the various aspects of integration in ASEAN (Box 2).

Box 2: Interview with Mr. Vongthep Arthakaivalvate

Mr. Vongthep Arthakaivalvate
Deputy Secretary-General
ASEAN Socio-Cultural Community (ASCC)

ASEAN's strength lies in its people, its well-recognised diversity, rich culture, and natural resources. The binding factor has been the collective commitment to build an ASEAN Community that is rules-based, people-oriented, people-centred. A Community where our peoples enjoy human rights and fundamental freedoms and higher quality of life.

ASEAN shares the recognition of a common and collective responsibility to address global, regional and national challenges, as an ASEAN political commitment, and individual government's inclination to adapt and act on it. Resilience in the region is a cross-cutting area – both for natural and human-induced disasters, and ASEAN has collectively been able to address disasters and strengthen resilience through “One ASEAN, One Response”.

A milestone that further strengthens ASEAN is the “Culture of Prevention”, an initiative from the ASCC pillar and adopted by ASEAN Leaders in November 2017. The Culture of Prevention aims to buttress the building of the ASEAN Community through strengthening societies that are peaceful, inclusive, resilient, healthy and harmonious. In doing so, attention is to the three Community Pillars. ASEAN has successfully brought together actors to help the region and the nations to bounce back during crises. This is reflected in the interest of actors and partners at all levels to invest in ASEAN. The history of the norm of understanding, accommodating and willingness to ‘act as one’ across diversities, will spear-head forward-looking agenda in the region, with increasing trends towards South-South and triangular Cooperation.



The interview above amply spells out the aspirations of Member States and the mechanisms used to achieve integration. The Deputy Secretary-General pointed out to increasing trends towards South-South and triangular cooperation in the ASEAN Community. The next sections consist of a review of overarching ASEAN initiatives that have contributed to

ASEAN Community building by highlighting the progress, challenges faced and strategies applied.

A. ASEAN Connectivity

Cooperation in ASEAN has progressed based on the ideas that Connectivity is crucial for ASEAN to support the realisation of ASEAN integration; building of the ASEAN Community; and ensuring ASEAN's centrality in the evolving and dynamic regional architecture⁹.

Against the backdrop of globalisation and rapid developments in the region resulting in interdependence in the present multipolar global power structure, "Connectivity" emerges as a significant means towards the advancement of regional economic and social integration. Connectivity in the ASEAN context is a cross-pillar and cross-sectoral initiatives encompassing three key dimensions (1) physical (e.g., transport and logistical infrastructure, ICT, and energy); (2) regulatory and institutional (e.g., trade, investment, and services liberalisation, immigration and border control); and (3) people-to-people linkages (e.g., education, culture, and tourism).

Connectivity complements the ongoing regional efforts to achieve the goals and objectives of the economic, political-security and socio-cultural pillars of ASEAN Community.

To this end, ASEAN has a vision for, "a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of Community"¹⁰. Figure 5 below depicts the interrelationships between ASEAN Connectivity and ASEAN community-building.

Comment [TIV2]: Suggest to move to the next section on MPAC 2025

Case Study: Master Plan on ASEAN Connectivity (MPAC) 2010

ASEAN Leaders adopted the Master Plan on ASEAN Connectivity (MPAC) 2010 through the Hanoi Declaration was a strategy to enhance intra-regional connectivity within ASEAN and sub-groups to benefit all ASEAN Member States through enhanced trade, investment, tourism and development¹¹. The three-pronged strategy would be supported by the required financial resources and coordinated institutional mechanisms. The MPAC 2010 included measures to improve physical connectivity by enhancing air, land and maritime transport, information and communications technology, and energy infrastructure development. The Master Plan also included strengthening institutional connectivity by developing effective institutions and mechanisms to facilitate movement of trade, investment and services, and managing cross-border procedures. Furthermore, the MPAC would enhance people-to-people connectivity by empowering people through education, culture and tourism.

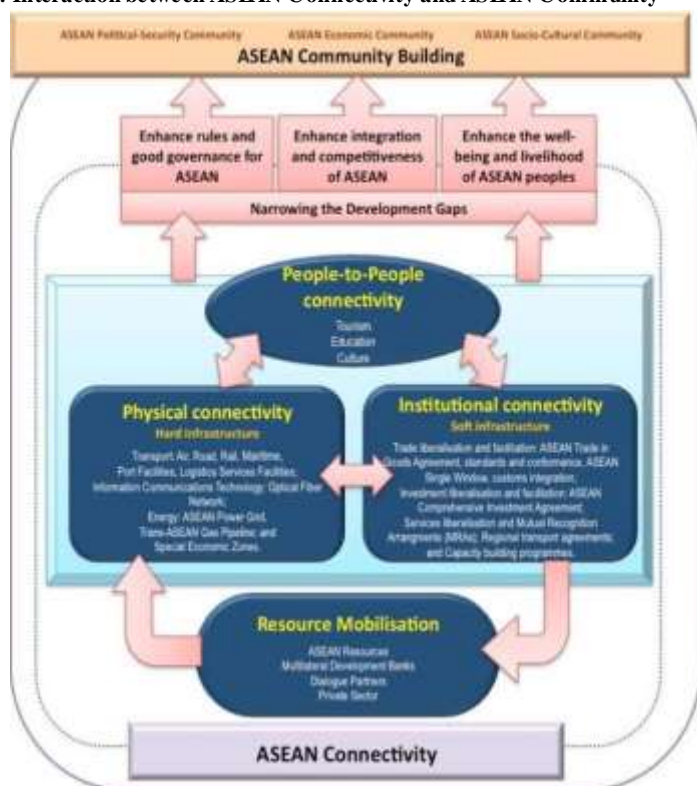
In order to facilitate the implementation of projects under the MPAC, ASEAN established the ASEAN Connectivity Coordinating Committee (ACCC) in 2011 to chart ways to accelerate the full and effective implementation of the MPAC 2010, and the ASEAN Infrastructure Fund (AIF) to finance infrastructure projects in conjunction with other sources, such as

⁹ Pushpanathan, S. (2010). ASEAN Connectivity and the ASEAN Economic Community. In: *The 24th Asia-Pacific Roundtable*. ASEAN.

¹⁰ ASEAN (2017). *ASEAN Connectivity*. [online] Available at: <http://asean.org/asean/asean-connectivity/>

¹¹ ASEAN (2011). *Master Plan on ASEAN Connectivity 2010*. Jakarta: ASEAN Secretariat, p.3.

Figure 5: : Interaction between ASEAN Connectivity and ASEAN Community



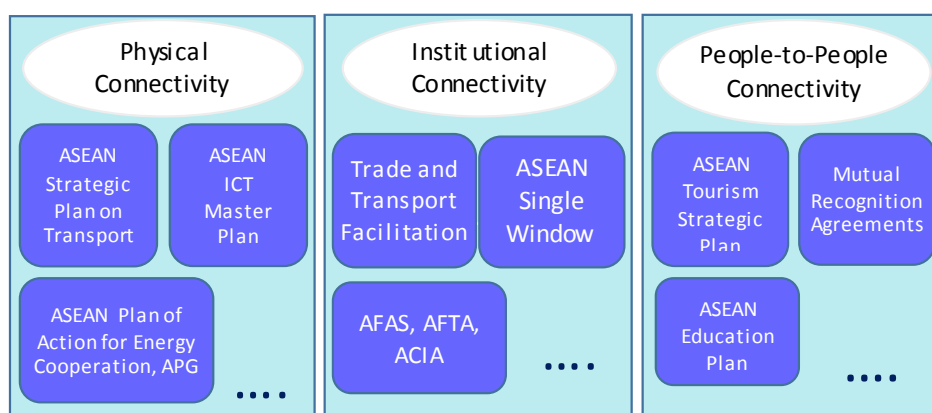
Source: ASEAN Secretariat

funding from individual ASEAN Member States, Dialogue Partners and other External Partners as well as international development agencies. Initially, the Fund's priority was to finance viable projects in the areas of transport, energy and water management¹². The ACCC consists of the Permanent Representatives to ASEAN Secretariat or any other special representative appointed by the ASEAN Member States¹³. Respective National Coordinators from each ASEAN Member State were also appointed to coordinate the implementation of MPAC 2010 at the national level. ASEAN has put in place numerous agreements, plans, programmes and initiatives for building and enhancing connectivity and ensured their synchronisation with sectoral strategies and plans within the frameworks of ASEAN and its sub-regions. These are shown in Figure 6 and detailed out in Annex 2.

¹² Pushapanathan (2010)

¹³ ASEAN (2017). *Assessment of the Implementation of the Master Plan on ASEAN Connectivity 2010*. Jakarta: ASEAN Secretariat.

Figure 6: Highlights of some key action plans of ASEAN Connectivity¹⁴



The funding for these measures are being met through diverse sources. These include Multilateral Development Banks (MDBs), ASEAN Infrastructure Fund (AIF), Private sector participation, bilateral cooperation, ASEAN Member States assistance to other Member States, China-ASEAN Investment Cooperation Fund, China-ASEAN credit, national budgets, Japan, Dialogue Partners, and USAID. The ASEAN Investment Report for 2015 estimates that USD 110 billion needs to be invested in infrastructure every year to meet the needs of the ASEAN Member States. McKinsey Global Institute estimated that while USD 110 billion is needed for 2015-2025, USD 196 billion is needed for 2014-2030.

To monitor the implementation of the MPAC 2010, the ACCC developed an ASEAN Connectivity Implementation Matrix/Scorecard which provided qualitative implementation updates for each of the 125 measures including activities contained therein. Throughout the MPAC 2010 implementation, the Scorecard has evolved into a more output and outcome-based assessment framework.

The assessment of the implementation of the MPAC 2010 by Connectivity Division shows that as of October 2016, 39 measures had been completed. For the remaining 86 measures not completed, 63 measures were expected to be completed from 2015 onwards with an implementation plan in place, 16 measures were unlikely to be completed because no implementation plan was in place or no financing had been secured.

¹⁴ Author's own illustration based on ASEAN (2011). Master Plan on ASEAN Connectivity.

Table 1: Assessment of the implementation of MPAC 2010 by Connectivity Dimension (October 2016)¹⁵

Assessment	Physical Connectivity	Infrastructure Connectivity	People-to-people Connectivity	Total
Completed	18	15	6	39
Expected	22	28	13	63
Unlikely to be completed	13	3	0	16
Not yet started	0	3	1	4
Not prioritised	2	1	0	3
Total	55	50	20	125

The 2017 Enhancing ASEAN Connectivity Monitoring and Evaluation Final Report highlighted a number of significant achievements of MPAC 2010 as listed below¹⁶:

- The Geographic Simulation Models and Gravity Models of Trade used in the above 2017 Report confirms the positive impact the MPAC 2010 has had on regional trade, via institutional measures aimed at reducing cross-border transaction costs;
- Since the implementation of the MPAC 2010, Thailand, the Philippines and Myanmar have experienced the most significant increases in their FDI growth rates. The proportion of intra-ASEAN FDI to total FDI has risen modestly year-on-year since 2010, from approximately 12 per cent to nearly 15 per cent in 2013;
- The Philippines and Indonesia whose maritime facilities are critical to both international and domestic trades, have noticeably improved port quality during the MPAC 2010 implementation period;
- Laos PDR and Cambodia show a marked rise in recorded cargo throughout the MPAC 2010 implementation period;
- Cambodia experienced a significant increase in infrastructure quality during the MPAC 2010 implementation period;
- Viet Nam, Thailand, Malaysia, and Indonesia all made significant improvements in infrastructure (2012-2014);
- While Information and Communication Technology (ICT) Connectivity has increased for all countries, Philippines and Cambodia have demonstrated the most apparent increase in Internet user growth rates;
- Cambodia experienced a clear and significant increase in mobile telephone subscriptions during the MPAC 2010 Implementation period;

¹⁵ ASEAN (2017). *Assessment of the Implementation of the Master Plan on ASEAN Connectivity*.

¹⁶ Information compiled from ASEAN (2016). *Final Report on Enhancing ASEAN Connectivity Monitoring & Evaluation Project*. Jakarta: ASEAN Secretariat.

- While the ASEAN Power Grid (APG) has been progressing apace, much of the progress in electricity trade was between Thailand and Lao PDR, delinked from the APG;
- Thailand, Cambodia and Myanmar experienced noticeable growth in land arrivals after the MPAC 2010 implementation. The intra-ASEAN international passenger arrivals increased from 7.2 per cent (2006-2010) to 10.5 per cent between 2011 and 2014;
- Viet Nam and Myanmar are the only two ASEAN Member States to have appreciably increased liner shipping connectivity following the MPAC 2010; and,
- Lao PDR has made significant progress with respect to reducing the days required to export, from 36 in 2011 to 23 in 2014.

Given the diverse areas covered by ASEAN Connectivity across its three main dimensions, challenges are inevitable in the implementation arrangements. This opens up broader opportunities to cooperate with external partners in addressing unforeseen challenges. Box 3 illustrates such situation with a case on cross-border management

Box 3: Supporting Regional Integration with Effective Cross-border Management

The region is enhancing integration across the Member States and this also calls for far-reaching change in the management of its borders. The regional roadmap for connectivity, such as the ASEAN Connectivity and the Greater Mekong Sub-region Transport Master Plan, includes major upgrades in infrastructure and initiatives to promote a freer movement of people and goods. Entry and exit points at border crossings will be increasingly pressed by the need to ensure timely and efficient movement while guaranteeing the legality of these movements and the respect of trade agreements and regulations. The ASEAN Single Window (ASW) initiative which connects and integrates the ASEAN Member States National Single Window (NSW) is a good example. The ASW provides electronic exchange of border documents among ASEAN Member States, thereby promoting ease of trade and investment and greater transparency, efficiency, and savings in government operations among Member States.

As the issue of cross-border management and coordination goes beyond intra-ASEAN coverage, ASEAN synchronises with existing global approaches, including the United Nations Office on Drugs and Crime (UNODC) Border Liaison Office (BLO) network. This is ASEAN's part of the Plan of Action to Implement the Joint Declaration on Comprehensive Partnership between ASEAN and the United Nations (2016-2020). Under the EU-ASEAN Migration and Border Management Programme, law enforcement agencies have been shared the knowledge, capacity and communication mechanisms to respond to the threat posed by transnational crime. (Source: ASEAN Secretariat and UNODC)

The implementation of MPAC 2010 also encountered other fundamental issues and challenges. The lack of funding and effective resource mobilisation strategies for key physical connectivity projects was a serious challenge during the implementation. Lessons learnt throughout the process revealed that the main financial barriers included: lack of government funds; insufficient investment returns and risks that need to be taken by the private sector impeded private and public infrastructure investment; and limited opportunities to source diverse project financing. The second major issue was of ownership as several cross-cutting projects lacked a lead sectoral/implementing body and a clear definition of roles

and responsibilities. The third issue was that of aligning and amending domestic regulations and legislation¹⁷.

With those identified challenges, some examples of the barriers and the ten interrelated trends that will be of particular relevance for formulating future Connectivity agenda are provided in Annex 3 and 4¹⁸.

Master Plan on ASEAN Connectivity 2025 (MPAC 2025)



A comprehensive assessment of the achievements and challenges of the MPAC 2010 paved the way in advancing ASEAN Connectivity to its successor document of the MPAC 2025. The Vientiane Declaration in 2016 lays down the importance of the MPAC 2025 in building the ASEAN Community as well as to provide the foundational supportive means to iASEAN Community Vision 2025 comprising Political-Security, Economic and Socio-Cultural Blueprints as well as to narrow the development gap. To this end, the vision for the ASEAN Connectivity 2025 is to “achieve a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of Community”¹⁹.

MPAC 2025 has included 52 remaining uncompleted initiatives from the MPAC 2010 that have a clear owner sector and do not overlap with the newly proposed initiatives. The MPAC 2025 also ensures the synchronisation of ongoing sectoral strategies, initiatives and plans within the frameworks of ASEAN and its recognised partners. It has five Strategic Areas viz. Sustainable Infrastructure, Digital Innovation, Seamless Logistics, Regulatory Excellence and People Mobility (See Annex 5)²⁰.

Many of the key elements of the 2030 Agenda for sustainable development will also be addressed through this Master Plan. These are:

- Transportation – One of the underlying challenges is coordination issues between government departments and a lack of sharing of best practices that the MPAC 2025 aims to address by improving logistics efficiency;
- Broadband – An ASEAN Broadband Corridor was endorsed in 2013 and will be monitored in the MPAC 2025. It will encourage business opportunities for the private sector through peer-to-peer connections between Internet Exchange providers across ASEAN Member States. In this context, establishing an ASEAN Single Telecommunications Market is an option; and,
- Energy – The processes to resolve institutional issues in ASEAN energy infrastructure projects will be tracked and prioritised in the MPAC 2025, as one of the key strategies

¹⁷ Author's analysis based on ASEAN (2017). *Assessment of the Implementation of the Master Plan on ASEAN Connectivity*.

¹⁸ Author's compilation based on ASEAN (2016). *Master Plan on ASEAN Connectivity 2025*. Jakarta: ASEAN Secretariat.

¹⁹ ASEAN (2017). *ASEAN Connectivity*. [online] Available at: <http://asean.org/asean/asean-connectivity/>

²⁰ See Annex 5: ASEAN Connectivity 2025 – visions, strategies and objectives

for achieving Sustainable Infrastructure in the region. The MPAC 2025 aims to explore innovative approaches to efficiently use and capture the productivity opportunities that this region, endowed with rich natural resources has in offer for all.

Besides, enhanced coordination across all working groups will add value and further synergies to other sub-regional and inter-regional frameworks and the MPAC 2025 aims to achieve this in five ways(see Box 4).

- Effective coordination among the Committee (ACCC) and the relevant stakeholders will be crucial;
- The ACCC also places emphasis on the implementation strategy of MPAC 2025 and is working on strengthening communication methods to ASEAN stakeholders;
- Special focus will be placed on innovative financing mechanisms to tap funding sources;
- The ACCC has initiated engagement with Dialogue Partners through a consultative mechanism and through cooperation projects, as well as worked closely with the World Bank to develop an ASEAN Public Private Partnership (PPP) Programme and with the Organisation for Economic Cooperation and Development (OECD) to develop the ASEAN Risk Mitigation Instruments;
- Owing to lack of data, achievements on Institutional and People-to-people Connectivity were insufficient. Hence, building monitoring, review and evaluation capacities and systems for ASEAN Connectivity, including production and collection of robust data, development of indicators and assessment of impact will be a crucial part of the MPAC 2025 future strategies.

Box 4: MPAC 2025 to add value by enhancing synergies in inter-regional frameworks in five ways²¹:

- | |
|---|
| <ul style="list-style-type: none"> i. Additionality – creates new initiatives (not in the ASEAN sectoral work plans) that are considered crucial for improving connectivity ii. Breadth – expands the coverage of initiatives in existing ASEAN sectoral work plans iii. Coordination – helps to ensure effective coordination of initiatives that cut across multiple working groups to maximise the likelihood of successful implementation. iv. Depth – Aims to maximise the implementation capacity by helping to add detail to the initiatives and outlining how to deal with potential barriers to success v. Emphasis – For initiatives that are considered important for connectivity, and for which a clear action plan is in place, MPAC 2025 seeks to highlight their importance |
|---|

The thread that runs across all the projects, strategies and the implementation measures is a collaborative effort between ASEAN Member States, Dialogue Partners and other External Partners as well as other stakeholders. This form of cooperation, which resonates with the principles of SSC and TrC, will help the Member States to pursue economic growth as well as improve social aspects of the community through exchange of knowledge, resources and technical know-how.

²¹ ASEAN (2016), *Master Plan on ASEAN Connectivity 2025*. Jakarta: ASEAN Secretariat.

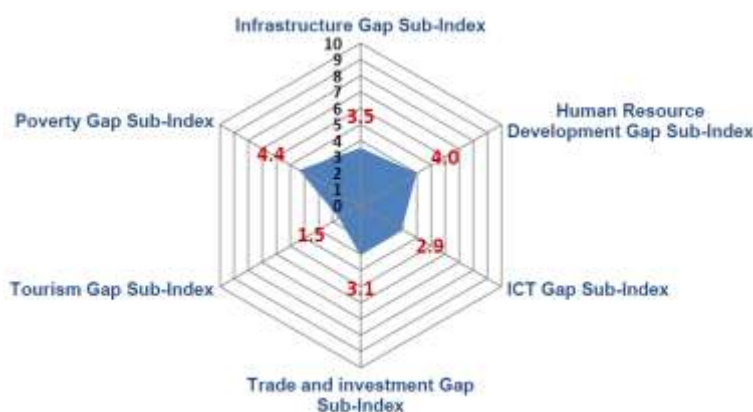
Other countries in the Asia are increasingly extending their connectivity initiatives. ASEAN's move to promote synergies between its own and other regional connectivity frameworks, including the Belt and Road Initiative (BRI) of China, Quality Infrastructure of Japan and Act East of India will add value to its implementation of MPAC. Not only will it bring the connectivity discourse in Asia to ASEAN, but could potentially address the gaps in terms of resource mobilisation.

B. Bridging the development gap

With the admission of Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV), a need arose to narrow the development gap among the Member States. Understanding the historical background of CLMV countries, a “development gap” was obvious not only in the difference between the average per capita income of the six ASEAN Member States and that of the CLMV, but also in terms of human resources, institutional capacity, the state of the infrastructure and the level of economic competitiveness. This gap, however, created an excellent opportunity for South-South Cooperation in ASEAN as there was so much to learn from each other as the countries were at different stages of development.

The Asian Development Bank (ADB) statistics for the Asia-Pacific show that between 1990 and 2010, extreme poverty – commonly defined by an earnings threshold of USD 1.25 per day – in this region fell by more than 30 per cent. Furthermore, income growth for the bottom 40 per cent outpaced that of the population as a whole. However, raising this earnings threshold to USD1.51 per day paints a less encouraging picture. Poverty stood above 30 per cent in Lao PDR, above 25 per cent in Indonesia and the Philippines, and above 20 per cent in Cambodia and Viet Nam, between 1990 and 2010. According to the index on “Narrowing the Development Gap Indicators (NDGIs)” by OECD and the ASEAN Secretariat, on a scale of 0 to 10 – where 0 denotes no gap and 10 the widest gap – the gap between CLMV and Founding Members is widest in poverty (4.4) and least (1.5) in tourism (Figure 7)²².

Figure 7: NDGIs Sub-Index for 6 areas



Source: ASEAN Secretariat

²² ASEAN (2013). *On Track and Keeping Pace: Narrowing the Development Gap is Essential to ASEAN Integration*. [online] Available at: <http://asean.org/on-track-and-keeping-pace-narrowing-the-development-gap-is-essential-to-asean-integration/>

The common issues that some ASEAN countries face are low labour productivity, skills mismatches, large informal sectors and unequal, inequitable access to higher education.

On the positive, since 1997, the CLMV countries have generally grown faster than the other members and the integration of ASEAN Member States into the global economy has increased. Cambodia, Lao PDR and Myanmar are projected to grow the fastest through 2022, followed by the Philippines and Viet Nam²³. Access to primary education has increased, and progress in improving health services and access to clean water and sanitation for citizens in the lower income countries has helped reduce child and infant mortality. Box 5 highlights the importance of South-South Cooperation for graduating countries like Lao PDR. Despite the broad-based progress, development gaps across the ASEAN community remain in many areas, hence the need for a continued commitment to narrow the development divide. Box 5 shows how issues in one of the CMLV countries can be addressed by regional integration.

Box 5: Graduation from Least Developed Countries: Lao PDR 2017 ²⁴

According to the 5th Human National Development Report, Lao PDR has made significant progress in human development and poverty reduction and is well on track to graduate from LDC status.

Pragmatic policies will be required to take advantage of opportunities while managing risks. International and regional integration, for instance, will create opportunities to diversify the economy by promoting areas of Lao PDR's comparative advantage and plugging into regional and global production networks.

ASEAN economic integration can create more opportunities for Lao PDR to grow and diversify in different directions. Lao PDR also needs to learn how to develop job-relevant technical skills from countries like Singapore. Stronger South-South cooperation with ASEAN countries and partners is the way to go.

Comment [Office3]: From IAI Division: In the last paragraph of the text box below, second sentence – the meaning is not clear. Is it supposed to be “Lao PDR also needs **to learn** how to develop job-relevant technical skills from countries like Singapore”?

Case Study: Initiative for ASEAN Integration (IAI)

ASEAN's launch of the Initiative for ASEAN Integration (IAI) in 2000 was specifically meant to deal with issues on narrowing the divide where equitable and inclusive development would be a defining feature of ASEAN's integration efforts (Figure 8). The IAI has so far seen the adoption of three work plans to address the capacity constraints of CLMV countries in successfully implementing ASEAN commitments. The IAI Work Plans serve as important tools to remove obstacles standing in the way of an equitable growth path in key sectors such as trade, investment, education and health. However, **inter**-ASEAN cooperation also includes bilateral assistance and sub-regional cooperation, in addition to regional initiatives such as IAI.

Comment [Office4]: From IAI Division: Is it “inter” or “intra”?

²³ OECD (2018), *Economic Outlook for Southeast Asia, China and India 2018: Fostering Growth Through Digitalisation*, OECD Publishing, Paris, <http://dx.doi.org/9789264286184-en>.

²⁴ Acharya, S. and Rasphone, S. (2017). *The 5th National Human Development Report*. Vientiane: Ministry of Planning and Investment, and UNDP in Lao PDR.

Figure 8: IAI supports CLMV countries



Source: ASEAN Secretariat

Table 2 gives the summary of the projects in all 3 plans and Table 3 shows the IAI projects by support providing country based on each ASEAN Blueprint. Within 182 action lines of IAI Work Plan II, 245 projects were implemented. Singapore implemented the most number of projects, followed by other ASEAN-6 and Japan International Cooperation Agency (JICA).

Comment [Office5]: From IAI: Suggest the sentence reads "Singapore implemented the most number of projects" as the current sentence sounds like Singapore is a beneficiary country.

Table 2: Summary of three IAI Work Plans

Initiative	Total projects	Areas
IAI Work Plan I (2002-2008)	232 projects	Infrastructure, Human Resources Development, Information and Communications Technology and Regional Economic Integration
IAI Work Plan II (2009-2015)	245 projects	182 actions comprising 19 studies, 78 policies and implementation support; 85 are training programmes and capacity support
IAI Work Plan III (2016-2020)	60 projects (as of 23 July 2018)	26 action plans with 5 strategic areas: 7 on Food and Agriculture; 6 on Trade Facilitation; 5 on MSME; 5 on Education; and, 3 on Health and Well-Being

Comment [Office6]: From IAI Division: Singapore is one of ASEAN-6.

Table 3: IAI Projects based on ASEAN Community Blueprints²⁵

Blueprints	Brunei Darussalam	Indonesia	Malaysia	Philippines	Singapore	Thailand	ASEAN 6 & JICA	Japan	Other Donors (ADB, AADC, P II, AECSP, ROK, UNDP)	Total
AEC	2	10	10	-	38	2	21	5	9	97
ASCC	14	2	3	4	41	1	15	2	1	83
APSC	-	2	1	-	3	-	2	-	-	8
General Enabling	2	1	4	-	44	-	2	3	1	57
Total	18	15	18	4	126	3	40	10	11	245

Comment [Office7]: From IAI Division: This would cover ASEAN-6 mentioned above - repetition?

In 2011, the ASEAN Roadmap for the attainment of the MDGs included a section, “C.2.1: Foster South-South cooperation, including strengthening databases of ASEAN technical expertise”. The Roadmap recommended that, “ASEAN play a key role in fostering South-South cooperation between and among all ASEAN Member States and the Plus Three countries and/or the East Asia Summit (EAS) countries”²⁶. It highlighted that the more developed countries in ASEAN had much to offer to their less developed neighbours, including capacity building and in some instances financial resources. These recommendations from the roadmap were linked to the IAI Work Plan II projects and implementation measures. Hence, there have been/are several development initiatives, projects and programmes at regional, sub-regional and trilateral levels within ASEAN which contribute to, and have direct implication on IAI Work Plan implementation, coordination and reporting. In addition, development cooperation assistance from countries in Asia and Pacific, especially from China, Japan, Republic of Korea, and Australia to ASEAN countries, has increased significantly over years. In CLMV, the leading investors and development cooperation partners are China, India, Japan, Republic of Korea, Singapore and Thailand. South-South and Triangular Cooperation have played a major role in bridging the development divide through sub-regional programmes that supplement IAI, such as listed in Table 4:

Table 4: List of sub-regional programmes to supplement IAI Projects²⁷

Names of Programmes	Main contributor	Steps taken for future
Ayeyawaddy-Chaopraya-Mekong Economic Cooperation Strategy (ACMECS)	Thailand	<ul style="list-style-type: none"> Thailand International Development Cooperation Agency (TICA) was tasked to provide technical assistance to the CLMV countries Neighbouring Countries Economic Development Cooperation Agency (NEDA) was tasked to provide soft loans to the CLMV (30 per cent grant and 1.5 per cent interest rate).
Entrepreneurship Development Institute of India (EDII)	Indian Government	Provides technical assistance through the setting up of National Entrepreneurship Development Institute in each of the CLMV countries
Thailand's Official	Thailand	Under the Five-Year Plan (2009-2013), development

²⁵ Mekong Institute (2014). *Mid-Term Review of the Implementation of the IAI Work Plan II for Equitable Economic Development and Narrowing the Development Gap*. Jakarta: ASEAN Secretariat.

²⁶ ASEAN (2012). *ASEAN Roadmap for the Attainment of the Millennium Development Goals*. Jakarta: ASEAN Secretariat.

²⁷ Compiled by the author from respective governments' websites and materials.

Development Assistance (ODA)		cooperation is focused on agriculture, public health, labour skills, education and human resource development
Malaysia Technical Cooperation Programme (MTCP)	Malaysia	focuses on the development of human resources through the provision of training in various areas
Indonesia South-South Technical Cooperation	Indonesia	Organising technical cooperation programs in various areas under the framework of Technical Cooperation among Developing Countries (TDCD) and Third Country Technical Cooperation (TCTC) utilising an annually allocated budget and support from development partners.
Singapore Cooperation Programme (SCP) of Singapore Technical Cooperation Directorate, Ministry of Foreign Affairs	Singapore since 1960	Singapore has been providing assistance to CLMV via Bilateral Programmes and Third Country Training Programmes - focusing on human capacity building and core areas where Singapore has expertise
Development Triangle Areas in the GMS	Japan	Projects included support for education, irrigation, and infrastructure development.

SSC and TrC had a major influence on shaping the future direction of IAI Work Plan II. Furthermore, technical assistance and capacity-building initiatives were made available through the various facilities, e.g., ASEAN Australia Development Cooperation Programme, ASEAN Regional Integration Support from the EU, US-ASEAN Connectivity through Trade and Investment (ACTI), Japan-ASEAN Integration Fund and Germany Support to the IAI within the framework of the ASEAN Single Market. There have been many triangular cooperation projects in CLMV countries and beyond. Some prominent ones are:

- Myanmar-Indonesia-Germany Triangular Cooperation on Technical Teacher Training;
- Burma-Thailand-USA Cross-border Partnership: Triangular Cooperation for Health;
- Triangular Cooperation by Japan and Thailand for Asia Pacific and CLMV Countries on Metrology;
- Singapore – JICA Triangular Cooperation;
- New Zealand – Thailand Partnership for CLMV Countries on Agriculture Value Chains, Good Agricultural Practices and Postharvest Practices;

Thus, a mix of different forms of cooperation has so far supported narrowing the development gap. The implementation rate was less than 45 per cent in Work Plan II²⁸. A final evaluation of the IAI Work Plan II revealed that several factors contributed to the low implementation rate:

- structure and content of the work plan;
- lack of engagement with beneficiary countries and stakeholders at formulation stage;
- inadequate reporting mechanism, and,
- Lack of guidelines for IAI projects, among others.

²⁸ ASEAN (2016), *Initiative for ASEAN Integration (IAI) Work Plan III*. Jakarta: ASEAN Secretariat.

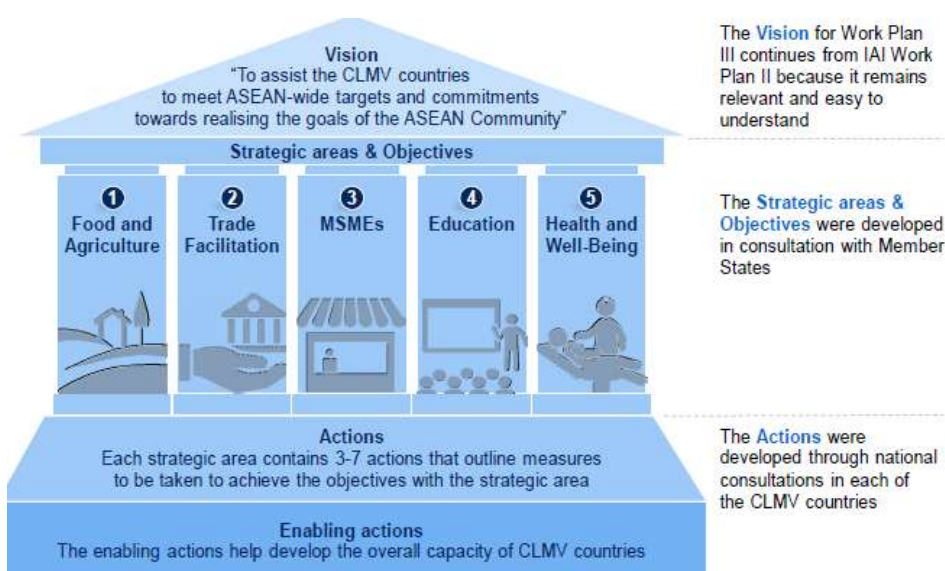
These issues were taken into consideration in the formulation of IAI Work Plan III.

Initiative for ASEAN Integration Work Plan III

In Work Plan III, the vision for IAI remains consistent: *to assist CLMV countries to meet ASEAN-wide targets and commitments towards realising the goals of the ASEAN Community* (Figure 9). Adopting the lessons learnt, this workplan has been developed in close collaboration with CLMV countries, other ASEAN Member States and stakeholders, and is aligned with the ASEAN Community Vision 2025 and the various sectoral work plans.

Besides, the strategic areas of IAI Work Plan III can help achieve objectives in the Community Blueprint (Annex 6).

Figure 9: IAI Work Plan III – Objectives and actions



Source: ASEAN Secretariat

To address the lessons learnt from previous Work Plan I & II, Work Plan III aims at improving implementation, and monitoring and evaluation mechanisms (Table 5). This will be made possible by a more strategic and focused effort - leadership and well-defined roles and responsibilities are underlined for IAI Task Force, National coordinators and the CLMV focal points. These various roles will interact to ensure that there are adequate national and regional level mechanisms to govern implementation.

Table 5: Key features of IAI Work Plan III

Implementation approach	<ul style="list-style-type: none"> • Clear governance and ownership • Presence of core skills and finance • Proactive stakeholder engagement • Robust performance management
Monitoring and Evaluation Mechanisms	<ul style="list-style-type: none"> • Develop Specific, Measurable, Attainable, Relevant and Time-bound (SMART) targets that ensure a holistic approach to assessing progress at the input, output and outcome level • Ensure all proponents undertake project monitoring and evaluation, and report results to IAI Task Force through the ASEAN Secretariat • Provide IAI progress reports with consolidated input and output metrics semi-annually, and assessment of outcome metrics in 2016, 2019 and 2022.

As with the previous Work Plans, ASEAN-6 and ASEAN External Partners will work in partnership with CLMV countries to develop and deliver projects. Proactive external engagement will be particularly critical, because projects undertaken by stakeholders (ASEAN Partners and external parties) will play an important role in the implementation. Along with a rigorous and regular performance-tracking system, a thorough work plan review has been designed to ensure effective implementation. Proper monitoring and evaluation are aimed to support resource mobilisation and engagement by building stakeholder confidence in IAI. Outcome metrics will be assessed and reported by the ASEAN Secretariat to ensure the full impact of actions and measures taken.

In terms of funding, under Work Plan III, in addition to developed countries like Canada, Germany, Japan and USA; developing countries like India and China; and other major partners such as the European Union (EU) approved funds for the projects. Singapore still continues to be the single largest partner from ASEAN to implement projects, mainly training courses for CLMV countries.

The case studies of ASEAN regional integration, in particular the MPAC and IAI illustrate the evolution and advancement of SSC in ASEAN. In both cases, typical SSC concerns like the question of resource mobilisation and lack of monitoring and evaluation (M&E) hindered the success prospects of both regional initiatives in the early phases. However, ASEAN overcame some of these shortcomings. Lessons can be learnt from their experience. Results achieved by ASEAN, the strong institutional arrangements and solidarity in action have nurtured credibility which in turn attracted resources for ASEAN initiatives. The resources have come from multiple stakeholders within ASEAN and outside. This is why resource mobilisation through public-private partnership and external partners for large-scale infrastructure projects under the MPAC 2025 or projects under the IAI Work Plan III is possible.

C. Sustainable Development

Promoting sustainability is deeply embedded in the principles of ASEAN and central to ASEAN's aspiration to forge ahead together as an integrated Community. The preamble of the ASEAN Charter echoes this commitment to, "...ensure sustainable development for the benefit of present and future generations and to place the well-being, livelihood and welfare of the peoples at the Centre of the ASEAN community".

In 2015, ASEAN proceeded to accelerate the progress towards integration through adopting the "ASEAN Community Vision 2025: Forging Ahead Together". The vision aims to deepen the ongoing regional integration process and further consolidate an "inclusive, rule-based, people-oriented, people-centred" ASEAN Community.

In a parallel process at the United Nations (UN), the global development paradigm shifted towards sustainability-focus with the international community committed to implementing the Agenda 2030 for Sustainable Development and the Sustainable Development Goals (SDGs) adopted around the same time.

ASEAN embraced the confluence of the global and regional agendas to address them simultaneously. This became known as the "complementarities" initiative. The ASEAN Community Vision 2025 explicitly indicated inclusion of "...the Complementarity of the UN 2030 Agenda for Sustainable Development with ASEAN Community building efforts to uplift the standards of living of our peoples", as one of its committed endeavours. With this, ASEAN has been working to realise complementarities between the ASEAN Vision 2025 and the SDGs and in the context of ASEAN-UN partnership. The Special Session of the ASEAN Foreign Ministers' Meeting on Sustainable Development was held during the 71st Session of the United Nations General Assembly in September 2016. ASEAN Member States manifested solidarity and collective commitment to the complementarities efforts and called for a roadmap to be developed for effective implementation.

Case Study: Complementarities between ASEAN Community Vision 2025 and The United Nations 2030 Agenda for Sustainable Development

As ASEAN Coordinator for Sustainable Development, Thailand, with close cooperation with the Economic and Social Commission for Asia and the Pacific (ESCAP) and other United Nations agencies, such as the United Nations Development Programme (UNDP), the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the World Bank, has been exploring action on the complementarities between the ASEAN Vision 2025 and the UN 2030 Agenda.

Thailand kick-started the effort with a comprehensive mapping exercise in 2016 to identify synergies between the three ASEAN Community blueprints and Sustainable Development

Goals (SDGs) for further implementation under the ASEAN-UN Plan of Action 2016-2020²⁹. This was followed by the High-Level Brainstorming Dialogue on Enhancing Complementarities at policy and expert level organised in collaboration with ESCAP in March 2017. The recommendation from the Dialogue led to a significant cooperative milestone between ASEAN and ESCAP, the “Complementarities Report” launched in 2017³⁰. The Report is the first of its kind from a regional organisation committed to intertwine regional integration efforts and global efforts to achieve the SDGs, with an emphasis on attaining the Community that leaves no one behind. The Report provides a conceptual and analytical framework based on values, principles and cross-cutting priority areas of action. Five areas of complementarity identified in the study include (1) poverty eradication; (2) infrastructure and connectivity (3) sustainable management of natural resources; (4) sustainable production and consumption; and (5) resilience.

The Report also identified concrete ideas, recommendations and flagship projects for these priority areas. The recommended actions are, (1) an initiative on Improving Nutrition and Reducing Stunting in ASEAN; (2) an ASEAN Council on Sustainable Infrastructure; (3) an ASEAN Natural Resources Panel; (4) an initiative on greening Small and Medium Enterprises (SME) in ASEAN; (5) an initiative on ASEAN Risk Transfer Mechanism; (6) an establishment of an ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDSD); and, (7) ASEAN Programme for Knowledge and Outreach on Complementarities. Since the publishing of the study, a number of UN Agencies and Funds, working under the umbrella of ESCAP’s regional coordination mechanism, have initiated actions to support ASEAN to achieve its sustainable development goals. The Report was subsequently submitted to the ASEAN Leaders and the United Nations Secretary-General for notation at the 9th ASEAN-UN Summit held in Manila, the Philippines in November 2017, providing grounds for further deliberations on proposed recommendations and flagship projects.

Under the Complementarities Initiative, several joint collaboration between the abovementioned UN agencies and ASEAN have ensued, including among others:

- **UNDP:** ASEAN in collaboration with UNDP and China organize a series of “leave no one behind” symposiums and research. ASEAN and UNDP launched the “ASEAN My World Survey” in 2017 as a region-wide survey aiming to promote awareness, understanding and ownership of both ASEAN Vision 2025 and the Agenda 2030. The results and data from the Survey will be useful for ASEAN agenda-setting and policy-making to be truly people-centred;³¹
- **UN Women:** ASEAN-UNWOMEN cooperation addresses the issue of economic empowerment of women in tandem with SDG 5. A joint seminar on “Promoting Economic Empowerment of Women” was organised as a side event to the 72nd

²⁹ <http://www.mfa.go.th/asean/contents/files/asean-media-center-20170419-095040-450424.pdf>

³⁰ <http://www.mfa.go.th/asean/contents/files/asean-media-center-20180213-164208-619213.pdf>

³¹ ASEAN-Thailand (2018), *ASEAN and Sustainable Development: Progress Report 2018*. Bangkok: Department of ASEAN Affairs, Ministry of Foreign Affairs of Thailand. <http://www.mfa.go.th/asean/contents/files/asean-media-center-20180806-192848-940144.pdf>

Session of the UNGA in New York in September 2017.³² This collaboration is also in coherence with the Action Agenda on Mainstreaming Women's Economic Empowerment (WEE) in ASEAN (see Chapter 2: Case Study on MSME as an Opportunity for Women); and

- **The World Bank:** The focus with the World Bank is on malnutrition, linked with poverty eradication and attainment of inclusive development. Proposed areas of collaboration are co-financing on nutrition projects, promoting ASEAN policy taxation of unhealthy foods and beverages and developing ASEAN Initiatives for financial support to address malnutrition in ASEAN.³³

These robust Southern partnerships have spurred enthusiasm among Northern partners to further engage with ASEAN. Among others, the ASEAN-EU Dialogue on Sustainable Development inaugurated in November 2017 in Thailand emerged as a platform for inter-regional exchange of knowledge and experience.

In conclusion, the case study on Complementarities between the ASEAN Community Vision 2025 and the UN 2030 Agenda is a unique innovation by ASEAN. As a result, ASEAN is uniquely poised to collaborate with regional institutional frameworks, mandates and processes that are capable of implementing both its 2025 vision and the 2030 Agenda in a complementarity context. The Complementarities Report is a remarkable milestone that paves solid ground for further actions. In particular, the establishment of an ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDSD) as a regional support facility, is the next step forward. The ACSDSD will enhance ASEAN centrality on sustainable development cooperation, taking into account the cross-cutting approach and the complementarities between the ASEAN 2025 Vision and the 2030 Agenda. At the same time, the ACSDSD should link up with the existing centres such as the ASEAN Institute for the Green Economy in Myanmar, the Sustainable Solutions Network in Indonesia, Malaysia and the Philippines.

The link between sustainable development and South-South Cooperation is a topical subject that is likely to be discussed by all UN Member States at the Second High-level UN Conference on South-South Cooperation that will take place in Buenos Aires, Argentina, in 2019. ASEAN's experiences in this regard could be shared at the Conference.

³² Ibid.

³³ Ibid.

Chapter 2: TRADE AND INVESTMENT

Trade and investment have been key issues for South-South Cooperation discourse. Their importance stems from the recognition that they have been crucial for growth in developing countries. [As a first step towards realising the ASEAN Economic Community, ASEAN has been implementing the recommendations of the High-Level Task Force (HLTF) on ASEAN Economic Integration contained in the Bali Concord II.] The Task Force, while focusing its recommendations relating to liberalisation and facilitation measures in the area of trade and investment, acknowledges the need to enhance cooperation and integration activities in other areas. These involve among others, human resource development and capacity building; recognition of educational qualifications; closer consultations on macroeconomic and financial policies; enhanced infrastructure and communications connectivity; and enhancing private sector involvement.

Comment [Office8]: From Tan Tai Hiong: AEC is such a fundamental decision that it can't start from HLTF. It actually officiated in Summit 2003 called the "Bali Concord II". HLTF recommendation is contained there, and provides the details, but the bigger mandate is coming from the Summit at that time.

To enhance regional integration as well as to maintain a competitive investment area, [the Framework Agreement on the ASEAN Investment Area (AIA) was signed on 8th October 1998]. The objective of the Framework Agreement on AIA was to establish "the ASEAN Investment Area", in order to "attract greater and sustainable levels of FDI into the region and to realise substantially increasing flows of FDI from both ASEAN and non-ASEAN sources by making ASEAN an attractive, competitive, open and liberal investment area". The agreement binds the member countries to "progressively reduce or eliminate investment regulations and conditions, which may impede investment flows and the operation of investment projects in ASEAN" and to ensure the implementation of AIA within the agreed time frame. ASEAN has enjoyed a relatively successful and prosperous first 50 years in the context of trade and investment (Box 6)

Comment [Office9]: From Tan Tai Hiong: The AIA agreement is not the first agreement on investment, and not the latest either. As an introductory paragraph in the whole chapter, need to elaborate something bigger, like how it starts and how it is now. Also, as the title is trade and investment, suggest not to only mention investment, the trade in goods (and if possible trade in services) need to be at least briefly mentioned to provide the context.

Box 6: 50 Years of ASEAN Trade and Investment³⁴

- ✓ The share of intra-ASEAN in ASEAN total exports and imports have increased between 1993 and 2016, **from 21.0 to 24.7 per cent** and **from 17.4 to 22.2 per cent** respectively. In terms of values, intra-ASEAN exports and imports have quadrupled between 1993 and 2016 to reach **USD282 billion** and **USD 238 billion**, respectively
- ✓ The share of ASEAN exports within total world exports have increased from **2 to 7.2 per cent** in 50 years.
- ✓ ASEAN has become a global trade powerhouse, with **total merchandise trade amounting to USD2.2 trillion in 2016** from less than USD10 billion in 1967.

A. Removal of tariffs in intra-regional trade

A key milestone in ASEAN's journey so far is the establishment of the ASEAN Free Trade Area (AFTA) which laid the foundation for the ASEAN Economic Community (AEC). The creation of a large unified ASEAN market through AFTA was targeted for producers in ASEAN to benefit from economies of scale, as well as to protect them from possible

³⁴ ASEAN (2017). *Celebrating ASEAN: 50 Years of Evolution and Progress*. Jakarta: ASEAN Secretariat.

discrimination of their products in external markets. As such, intra-ASEAN initiatives like the AEC (Box 7) as well as regional initiatives such as the Regional Comprehensive Economic Partnership (RCEP) will be the cornerstone in making ASEAN the bulwark of an outward-looking Southeast Asia, championing trade liberalisation and engaging the rest of the world.

Box 7: ASEAN Economic Community (AEC)³⁵

The AEC aims to establish ASEAN as a single market and production base making ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of its existing economic initiatives; accelerating regional integration in the priority sectors; facilitating movement of business persons, skilled labour and talents; and strengthening the institutional mechanisms of ASEAN.

As a result, ASEAN economic performance has been enjoyed across all member states. CLMV countries have accounted for growing shares of ASEAN total merchandise trade and FDI net flows, from 4.3 to 18.4 per cent, and from 7.6 to 19.6 per cent between 1999 and 2016 respectively.

ASEAN is now the 2nd largest investor in its own region, manifesting greater interest from the business community to have a stronger regional presence in light of the establishment of the AEC.

Case Study: ASEAN Free Trade Area (AFTA)

[The primary goals of ASEAN Free Trade Area (AFTA) seek to: (i) increase ASEAN's competitive edge as a production base in the world market through the elimination, within ASEAN, of tariffs and non-tariff barriers, (ii) attract more foreign direct investment to ASEAN and (iii) promote regional peace and stability through respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter]. It mainly targets, "achievement of a highly integrated and cohesive economy" envisioned in ASEAN Vision 2025 and relevant Sustainable Development Goals (SDGs).

ASEAN, through AFTA, intends to achieve those goals through a primary mechanism called the [Common Effective Preferential Tariff Scheme (CEPT Scheme)]. Generally, the CEPT Scheme is intended to address both tariff and non-tariff barriers in order to make buying and selling goods easier between and among the ASEAN Member States. Intra-regional tariff rates in ASEAN have been reduced or eliminated steadily under the CEPT Scheme, which has been revised several times. [By 2010, the share of the total number of products with the no tariff was around 99 percent for the original six countries, while the share of products with the 0–5 percent tariff rates was around 99 percent for Cambodia, Myanmar and Viet Nam and 95 per cent for Lao PDR.] Studies show that tariff elimination has facilitated the regional export of agricultural products and processed materials, while also promoting imports in electrical machinery and automobile equipment for which regional production networks have

Comment [Office10]: From Tan Tai Hiong: AFTA has always been associated with the 1992 CEPT Agreement and its implementation before ATIGA came into existence. We have always been referring to ASEAN as AEC and not AFTA. If AFTA is mentioned, need to mention its transition to AEC.

Comment [Office11]: From Tan Tai Hiong: In a similar context, from AFTA to AEC, we can't stop at CEPT. ATIGA is a significant development from the CEPT.

From Panadda: The ASEAN Trade in Goods Agreement (ATIGA) supersedes the CEPT Scheme and for tariff elimination, we only refer to ATIGA and note CEPT.

Comment [Office12]: From Panadda: The updated figures on tariff liberalisation is as per the below table. **Number of Tariff Lines at 0% in the ATIGA Tariff Schedule of 2018 (AHTN 2017)**

³⁵ Ibid.

been set up³⁶. The elimination of non-tariff measures (NTMs) is also an important element for trade liberalisation under AFTA, as is the case with tariff elimination.

The effects of NTMs on trade could be larger than tariff measures since they include a much broader range of policy measures such as technical standards and customs procedures. A number of studies conducted in the region point to the fact that the elimination of NTMs is indispensable for realising substantial trade liberalisation after the completion of tariff elimination for regional trade in ASEAN³⁷.

In continuation of the efforts to enhance economic integration through AFTA, the Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement (FTA) between the ten Member States of ASEAN and the six states with which ASEAN has existing free trade agreements (Australia, China, India, Japan, Republic of Korea and New Zealand). RCEP negotiations were formally launched in November 2012 at the ASEAN Summit in Cambodia. The free trade agreement is scheduled and expected to be signed in November 2018 during the ASEAN Summit. The successful completion of the RCEP will link ASEAN, a market of 628 million people, to its six partner countries (China, Japan, Republic of Korea, India, Australia and New Zealand) creating a bigger market of 3.4 billion people³⁸ or 45 per cent of the world's population. In 2017, prospective RCEP Member States accounted for a population of 3.4 billion people with a total Gross Domestic Product (GDP), Purchasing Power Parity (PPP) of USD 49.5 trillion, approximately 39 per cent of the world's GDP.

Comment [Office13]: From Tan Tai Hiong: This part, as well as the paragraph in section A above, gives impression that AFTA immediately evolved into RCEP. Actually it starts from ASEAN FTAs with these 6 countries first, and concluded, before we started RCEP negotiations.

From Panadda: I think we have already signed and agreed on other FTAs than RCEP.

B. The growth of intra-ASEAN investment

The ASEAN economic landscape has been significantly bolstered by intra-ASEAN investment. Data from the ASEAN Secretariat showed that in 2015-2016 intra-ASEAN investment was the largest source of Foreign Direct Investment (FDI). Intra-regional investment has enjoyed an upward trend since 2003 (except for a slight drop in 2013) (Figure 10). The red trend line is based on absolute investment figure and blue bar graphs are percentage of the intra-ASEAN investment to total ASEAN FDI.

An analysis of the most recent data available indicates trends towards stronger growth in intra-ASEAN investment. Major factors behind the rise in intraregional investment are the growing financial strength and significant cash holdings of ASEAN firms and their increasing drive to internationalise to build competitiveness and to access markets, natural resources and strategic assets.³⁹ In 2014, intra-ASEAN investments were particularly strong in manufacturing (USD 6.6 billion) and real estate (USD 4.6 billion). Intra-ASEAN investment dominated in the primary sector (agriculture and forestry) with a 146 per cent rise, from USD1.6 billion in 2013 to USD 3.9 billion in 2014, and accounted for some 88 per cent of

³⁶ Okabe, M. and Urata, S. (2013). *The Impact of AFTA on Intra-AFTA Trade*. ERIA Discussion Paper Series. [online] ERIA. Available at: <http://www.eria.org/ERIA-DP-2013-05.pdf>

³⁷ Ibid.

³⁸ Ong, K. (2018). ASEAN into the Future: Need for Leadership. *RSIS Commentary*, [online] (148). Available at: <https://www.rsis.edu.sg/wp-content/uploads/2017/08/COI7148.pdf>

³⁹ ASEAN (2017). *ASEAN Investment Report 2017*. Jakarta: ASEAN Secretariat.

total FDI flows into this economic sector in 2014. These three sectors (manufacturing, real estate and agriculture) received 62 percent of all investment originating from within the region⁴⁰. This may be attributed to the fact that the ASEAN region is predominantly agrarian and is endowed with rich natural resources.

Figure 10: Evolution of the intra-ASEAN Investment



Source: ASEAN Secretariat FDI Database

Comment [Office14]: From Tan Tai Hiong: On actual numbers, I trust you have obtained the latest statistics and correctly apply the numbers. In terms of chart though, percentage is usually showed as line chart, while total FDI should be in bar chart, and not the other way around. Because FDI dollars are actual “materials” in the economy, and percentage is just a relative comparison (not a “material”).

Comment [DN15]: Please correct label, problem with Y axis and label

Singapore, Malaysia and Thailand have been the top three major investors. In some Member States, intra-ASEAN investment took up to more than half of the share of the net FDI inflows. This is evident in the cases of Brunei Darussalam (50.6 percent), Indonesia (56.2 percent) and Myanmar (79 percent) in 2015⁴¹. Intra-ASEAN investment in Indonesia targeted primarily agriculture, manufacturing and finance. ASEAN investments in CLMV countries were also significant. In Viet Nam, they were mainly in manufacturing, while in Cambodia, they were mainly in agriculture. Companies from Viet Nam continued to focus on investment in agriculture and extractive industries in Cambodia and Lao PDR⁴². Investors from different Member States dominated in different industries. For example, Singapore was the largest source of regional investment in a number of industries and Malaysia led on investment in construction, transportation and storage, and ICT⁴³.

In recognition of this positive trajectory and growing interconnectedness in the regional investment landscape, ASEAN further acted in concert to advance regional economic integration efforts. ASEAN Member States has continued to introduce measures favourable to investment. These included making investing easier, increasing transparency and improving the investment environment. Other measures included national investment policy reforms, industrial development policies, incentives and tax reforms, investment facilitation, streamlining of investment procedures, strengthening of institutional support for investors, establishment of more economic zones and infrastructure development (Annex 7). One of the

⁴⁰ ASEAN (2015). *ASEAN Investment Report 2015*. Jakarta: ASEAN Secretariat.

⁴¹ ASEAN (2016). *Foreign direct investment net inflows, intra- and extra-ASEAN*. ASEAN Foreign Direct Investment Statistics Database, [online] available at http://asean.org/storage/2015/09/Table-25_oct2016.pdf

⁴² ASEAN (2015) *Investment Report 2015*.

⁴³ Ibid.

measures undertaken to enhance the attractiveness of the ASEAN region as a single investment destination was the implementation of the ASEAN Comprehensive Investment Agreement (ACIA).

Case-Study: ASEAN Comprehensive Investment Agreement (ACIA)

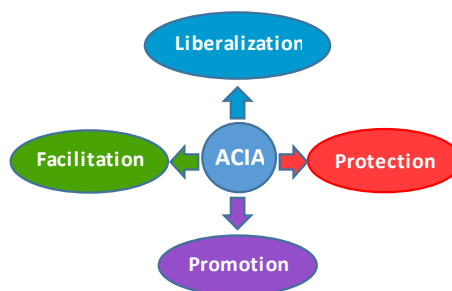
The ASEAN Investment Area (AIA) Council is the Ministerial body under the ASEAN Economic Ministers responsible for overseeing the implementation of the ASEAN Comprehensive Investment Agreement (ACIA) which took effect on 29 March 2012, as a main economic instrument to create, “a liberal, facilitative, transparent and competitive investment environment in ASEAN.” The Council is composed of Ministers from the ten Member States responsible for investment and the Secretary-General of ASEAN. Its main function is to realise a more comprehensive investment agreement which should be forward looking, with improved features, provisions and obligations by considering international best practices that would increase the investor confidence in ASEAN. This is to be achieved by adhering to certain principles such as:

- i. Providing for investment liberalisation, protection, promotion and facilitation;
- ii. Protecting the investors and their investments based in ASEAN;
- iii. Maintaining and according preferential treatment among ASEAN Member States;
- iv. Preserving (or “no back-tracking”) of commitments made under the Framework Agreement on the ASEAN Investment Area (AIA Agreement) and the ASEAN Investment Guarantee Agreement (ASEAN IGA).

The region’s rise as a significant source of outward FDI, both within and beyond the ASEAN region, and the concomitant need to offer a higher overall level of protection to ASEAN’s growing number of multinational investors and their investments, constitutes an important rationale behind the advent of ACIA, through its four pillars (Figure 11). ACIA is often said to be a region-specific bargain embedded within ASEAN’s wider normative and institutional agreements; with (i) clear and comprehensive scope of application on inclusions and exclusions, and (ii) clear and transparent procedures for obtaining specific approval in writing. However, a need is felt to ensure that beneficiaries, businesses and investors have a good understanding of the ACIA for them to take full advantage of its provisions.

ACIA encourages maintenance and accords preferential treatment to Member States, as well as to grant special and differential treatment and other flexibilities to Member States depending on their level of development. For example, within its Article 24 for “Promotion of Investment”, Member States will “encourage the growth and development of ASEAN small and medium, and multinational enterprises” to help growth at the national level.

Figure 11: ACIA and its Four Pillars



Comment [Office16]: From Tan Tai Hiong

Knowledge sharing and capacity building of multiple stakeholders engaged within this sector is limited, and urgent steps need to be taken in this direction to make the best of opportunities at all levels. Steps towards this end are described in the next section.

C. Micro, Small and Medium Enterprises

According to results of a research study in 2014 on ASEAN SME policy, Micro, Small and Medium Enterprises (MSME) are the backbone of the ASEAN economies. They accounted for more than 96 per cent of all enterprises in the ASEAN region. Within individual Member States, they accounted for a range of 88.8 per cent of all businesses (in Myanmar) to 99.9 per cent (in Indonesia and Lao PDR). MSME also created the majority of employment opportunities, from 51.7 per cent in Viet Nam, to 97.2 per cent in Indonesia. Their contribution to GDP ranged from 23 per cent (in Brunei Darussalam) to 58 per cent (in Indonesia)⁴⁴. Despite their vast potential, MSME continue to be challenged by globalisation, technological advancement and

stiff competition from larger businesses, thereby making MSME' sustainability fragile. Hence, under the AEC Blueprint 2025, ASEAN has placed emphasis on the promotion of technology and innovation to enable MSME to grow through seizing the opportunities provided by the region's economic integration.

ASEAN Member States have been cooperating to support SME development since 1995. These efforts gained

permanent status in the form of the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) in 2016. Under "a resilient, inclusive, people-oriented and people-centred ASEAN" a characteristic of the [AEC] Blueprint 2025, the development of MSME is highlighted and it is noted that the progress of MSME is key towards narrowing the development gap among Member States. (Figure 12)

Figure 12: MSME - Objective and Actions



Source: ASEAN Secretariat

Comment [Office17]: From MSME Division: for consistency

In addition, in addressing the MSME's much weaker position than large firms in dealing with economic volatility, ASEAN has focused on MSME development through the Strategic Action Plan for SME Development 2016-2025 (SAP SMED 2025) (Box 8). The Strategic

⁴⁴ ERIA SME Research Working Group (2014). *ASEAN SME Policy Index 2014: Towards Competitive and Innovative ASEAN SME*. Jakarta: ERIA

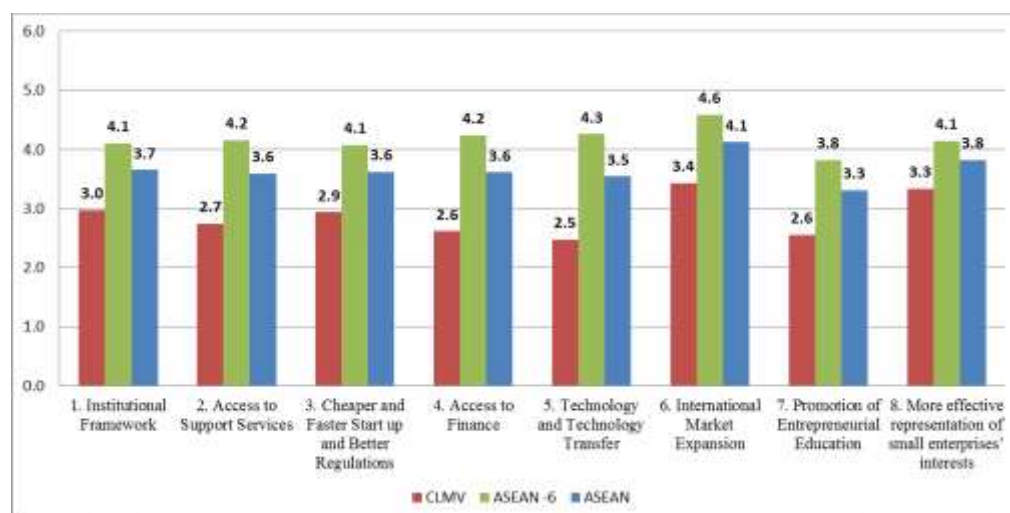
Action Plan facilitates the emergence of an MSME sector which is competitive, resilient, innovative, and integrated to ASEAN community and inclusive development in the region. The ASEAN Coordinating Committee on MSME (ACCMSME) reports directly to the ASEAN Economic Ministers on the status, strategies and opportunities of the MSME from the region. Additionally, a comprehensive and effective monitoring tool like the ASEAN SME Policy Index 2014 to help identify strengths and weaknesses in policy design and implementation was developed which includes eight (8) policy dimensions (Figure 13).

Box 8: Achievements of the Strategic Action Plan for SME Development 2010–2015⁴⁵

1. ASEAN SME Policy Index 2014 – aims to track policy development and identify gaps in policy elaboration and implementation at the national and regional levels
2. ASEAN SME Service Centre 2015 – a Web portal with regional linkages, providing information crucial for SME to help them penetrate regional and international markets
3. ASEAN SME Academy – a self-paced e-learning platform specifically developed for SME.
4. One Village One Product Guidelines (OVOP) – The ASEAN OVOP Guidelines aim to transform local and rural products so that they can become competitive products suitable for export markets
5. Common Curriculum for Entrepreneurship in ASEAN – The common curriculum sets out the subject areas to be covered by students across Member States seeking a Bachelor's Degree in Entrepreneurship.

According to the research by Economic Research Institute for ASEAN and East Asia (ERIA) SME Research Working Group, despite the importance of MSME, the policy environment for MSME remains weak, particularly in the availability of finance, ease of business registration, and access to entrepreneurship education⁴⁶. Hence, MSME are a key strategic area of work under the Initiative for ASEAN Integration (IAI) Work Plan III and have relevance to the ASEAN Community Vision 2025 and the UN 2030 Agenda.

Figure 13: ASEAN SME Policy Index – By Group of Countries and Policy Dimension



Source: ASEAN SME Policy Index (2014)

⁴⁵ ASEAN SME Service Centre. (2018). *ASEAN SME - About Us*. [online] Available at: <http://www.aseansme.org/aboutus>.

⁴⁶ ASEAN (2016). *Initiative for ASEAN Integration (IAI) Work Plan III*.

As illustrated Figure 13, across the eight policy dimensions, there are big gaps between the ASEAN average, the ASEAN-6, comprising Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand and the CLMV countries, namely Cambodia, Lao PDR, Myanmar, and Viet Nam, with the most significant gaps and low regional standing as follows: Technology and Technology Transfer (5), Access to finance (4), Promotion of entrepreneurial education (7), Cheaper, faster start-up and better regulations (3), and Access to support services (2). Underlying the gaps in performance in these key policy dimensions are the challenges pertaining to legal frameworks and institutional arrangements as well as the elaboration and implementation of specific policy measures in each AMS. Thus, these gaps point to the areas where future strategic measures are needed, mainly to support the CLMV countries and thereby address the “development divide”. As an example, Table 6 lists some future activities that are aimed to address such gaps and integrate the potential South-South Cooperation dimension.

Table 6: Examples of activities scheduled to be implemented between 2018 and 2020 to support MSME

Name of the Initiative	Brief Information	Potential South-South Cooperation activities
Promoting SME Competitiveness through ASEAN Business Incubator Network (ABINet)	The project aims to promote the SME competitiveness in the ASEAN region in the preparation of ASEAN Economic Community through strengthening the ABINet.	<ul style="list-style-type: none"> • To implement the ASEAN Business Incubation models, selected business incubators in Cambodia, Lao PDR and Myanmar will be supported by experts from Indonesia, Thailand and Malaysia respectively; • Overall, the project enables SME and business incubators from all ASEAN Member States (AMS) to utilise resources from other countries to build their capacity and scale-up their business. • A number of other activities including Database and Information Management for ABINet; ABINet Annual Meeting to share best practices; Business Matching between SME and investors; Co-incubation Program to support SME soft land their products in two selected countries; and, Virtual Incubation to provide incubation service for any SME within the region using a digital platform, will be provided.
ASEAN Mentorship for Entrepreneurs Network (AMEN)	The project aims to institute a system that will help MSME access the 3Ms (i.e., Money, Market and Mentorship) so as to scale up	<ul style="list-style-type: none"> • Certified mentors from each ASEAN Countries will be mentoring the pilot run in Indonesia, Malaysia, and the Philippines. It will undertake to scale up the operations of Micro and Small Enterprises (MSME) in these countries and boost their capacities as producers and marketers of their products through the conduct of training modules that make up the mentorship program.

Name of the Initiative	Brief Information	Potential South-South Cooperation activities
	their operations and improve their profitability and sustainability.	<ul style="list-style-type: none"> The mentors selected through this project will be deployed to cover the modules and undergo a series of capacity building activities intended to further hone their mentoring skills and update them on the latest industry trends and best practices of industries
ASEAN Tariff Finder	As one of the key deliverables under Lao PDR's ASEAN Chairmanship in 2016, this is designed to support traders to maximise benefits from ASEAN's free trade agreements (FTAs).	<ul style="list-style-type: none"> This is a tool to help businesses, especially MSME to get the up-to-date information on the preferential tariffs applied by ASEAN Member States under ASEAN Trade in Goods Agreement (ATIGA) or by ASEAN Member States and her trading partners under various ASEAN+1 free trade agreements. It also sets out the rules of origin criteria used to determine a product's eligibility for preferential tariff treatment.

In continuation of ongoing efforts, SAP SMED 2016-2025 recognises the importance of supporting MSME internationalisation through the establishment of a larger pool of innovative, resilient and competitive MSME that are ready for the global market. Nonetheless, this Strategic Action Plan also emphasises that this requires local MSME to enhance their productivity if they are to participate in regional or global value chains. It has a clear mission to, “create globally competitive, resilient and innovative MSME” that are seamlessly integrated into the ASEAN community to comply with an environmentally and economically integrated sustainable approach. As an example, in an attempt to promote “productivity, technology and innovation”, the Strategic Action Plan provides an opportunity to address “Sustainable Consumption and Production”.

In 2014, “Country Champions” were designated to take a leading role in initiating and/or coordinating the implementation of action lines based on the agreed timelines, in consultation and subject to the agreement of the ACCMSME (formerly SME Working Group) (Table 7)

Table 7: Country champions on strategic goals to support SME Development

Strategic Goal	Country Champion
Promote Productivity, Technology and Innovation	Thailand, Viet Nam
Increase Access to Finance	Malaysia, Lao PDR
Enhance Market Access and Internationalisation	Singapore, Thailand
Enhance Policy and Regulatory Environment	Cambodia, Indonesia
Promote Entrepreneurship and Human Capital Development	Brunei Darussalam, the Philippines, Myanmar

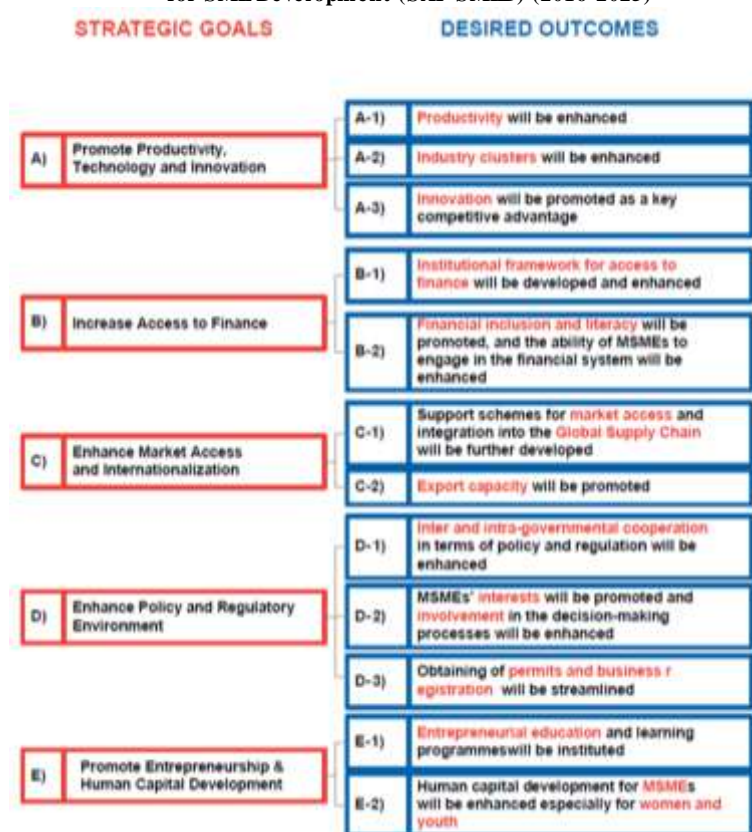
Case Study: MSME as an opportunity for Women

As a key driver and contributor to the GDP of ASEAN economies, MSME have also enabled greater integration of women and youth into the economy. According to the report by the Organisation for Economic Co-operation and Development (OECD), women-owned MSME are often of smaller scale and scope than firms owned by men, with many remaining at the micro level or in the informal sector despite their potential to expand beyond borders and take advantage of the opportunities offered by improved regional integration.

Comment [Office18]: From ESED:
Add a footnote to specify which report it refers to

To address this, ASEAN has adopted a gender-focused approach in MSME which aligns with its broader efforts to promote empowerment of women, gender equality and gender mainstreaming. The ten-year SAP SMED 2025, which governs the work of the ACCMSME, clearly prioritises human capital development for women as one of the strategic goals and desired outcomes. (Figure 14).

Figure 14: Strategic Goals and Desired Outcomes of the ASEAN Strategic Action Plan for SME Development (SAP SMED) (2016-2025)⁴⁷



Source: ASEAN Secretariat

⁴⁷ ASEAN (2015), *ASEAN Strategic Action Plan for SME Development (SAP SMED) (2016-2025)*, Jakarta: ASEAN Secretariat.

The SAP SMED sets targets to provide a platform to promote and facilitate women's participation in MSME. This includes convening annual public-private dialogue on promotion of women in the workforce by 2018 and strengthening women entrepreneurs through capacity building, market access, branding and packaging by 2020.

The above gender-focused MSME agenda pursued under SAP SMED 2025 corresponds to ASEAN longstanding and progressive efforts towards women empowerment. The ASEAN Committee on Women (ACW) was established in 1976 as a responsible sectoral body, followed by a series of policy documents and forums. Among these are the Declaration on the Advancement of Women in the ASEAN Region of 1988; the High-Level Meeting on Gender Mainstreaming held in Jakarta in 2006; and the ASEAN Declaration on the Gender-Responsive Implementation of the ASEAN Community Vision 2025 and Sustainable Development Goals that calls for gender mainstreaming across the three pillars which was adopted in 2017.

Figure 15: Action Agenda on Mainstreaming Women's Economic Empowerment (WEE) in ASEAN



More recently, the Action Agenda on Mainstreaming Women's Economic Empowerment (WEE) in ASEAN was adopted by the 31st ASEAN Summit in November 2017. The Agenda aims at promoting innovation, trade and inclusive business, and human capital development. Some key aspects include the promotion of women's participation and skills development in science, technology, engineering, arts and mathematics (S.T.E.A.M), increasing women representation and leadership roles in the workforce and encouraging public and private sector collaboration to create more opportunities for women in business.

Source: ASEAN Women Entrepreneurs' Network (AWEN)

In parallel, ASEAN further solidified these gender-focused efforts with active participation of various stakeholders. The partnership between the ACW and the ASEAN Confederation of Women's Organisations (ACWO), which is an ASEAN-accredited civil society organisation, is one example. The ACW and ACWO, in collaboration with Viet Nam established the ASEAN Women Entrepreneurs' Network (AWEN) comprising of a pool of business women in the region for exchange of knowledge and experience, empowerment and strengthening

entrepreneurship skills. Further objectives are to create a favourable environment for female-led enterprises and support for women entrepreneurship in the region. (Figure 15)

The AWEN further exemplifies ASEAN collective efforts towards economic empowerment of women that cut across multiple stakeholders. AWEN represents MSME across ASEAN. It is comprised of ten focal points (FP) from key women's business organisations from each ASEAN Member State. The main task of AWEN is to deliver national issues and take back policy solutions to their constituents. AWEN raises women MSME voices in the business community through its participation in the Joint Business Councils (JBC) of the ASEAN-Business Advisory Council (ASEAN-BAC), which is composed of the ASEAN large-scale private sector. It also brought women owned MSME' voices to the ASEAN intergovernmental processes through its participation in the CSW and ACCMSME. Thus the women's agenda could be discussed among governments and many business councils of the Dialogue Partners. Women's interests in government and business discussions were made possible.

In addition, cooperation among non-state actors in ASEAN has immensely complemented the gender efforts in MSME. For instance, the ASEAN Foundation cooperated with the Philippines-based Asian Women in Co-operative Development Forum (AWCF) in implementing a capacity-building programme for women entrepreneurs in MSME. The collaboration aims to expose them to new management and marketing skills, including the application of ICT to their businesses and networking opportunities with counterparts in other ASEAN Member States. AWCF and the ASEAN Foundation, in collaboration with the Credit Union League of Thailand (CULT), created the Women Cooperative Product Development Centre to support Thai women's groups in developing MSME.⁴⁸

Women entrepreneurs in ASEAN have access to general MSME support provided by governments. For example, the Philippines is recognised for its gender-inclusive development plan for women's MSME⁴⁹. The Philippines Women's Empowerment, Development and Gender Equality (WEDGE) Plan 2013–2016 places emphasis on the gender-strengthening of MSME. The Department of Trade and Industry (DTI) of the Philippines addressed MSME' limited access to technology through establishing a Shared Service Facility (SSF). As per 2017 report from the ASEAN Secretariat, since the inception of the SSF in 2013, there were then 2,231 established SSFs nationwide benefitting 92,337 MSME and generating 52,931 additional jobs. A sizable proportion of beneficiaries are women entrepreneurs such as women-weavers in the local communities.⁵⁰

⁴⁸ ASEAN Foundation (2007), *Asia View: MSME for the Empowerment of Women*, [online] Available at: http://www.aseanfoundation.org/documents/2007-03-12_hal22msmes.pdf

⁴⁹ Ibid.

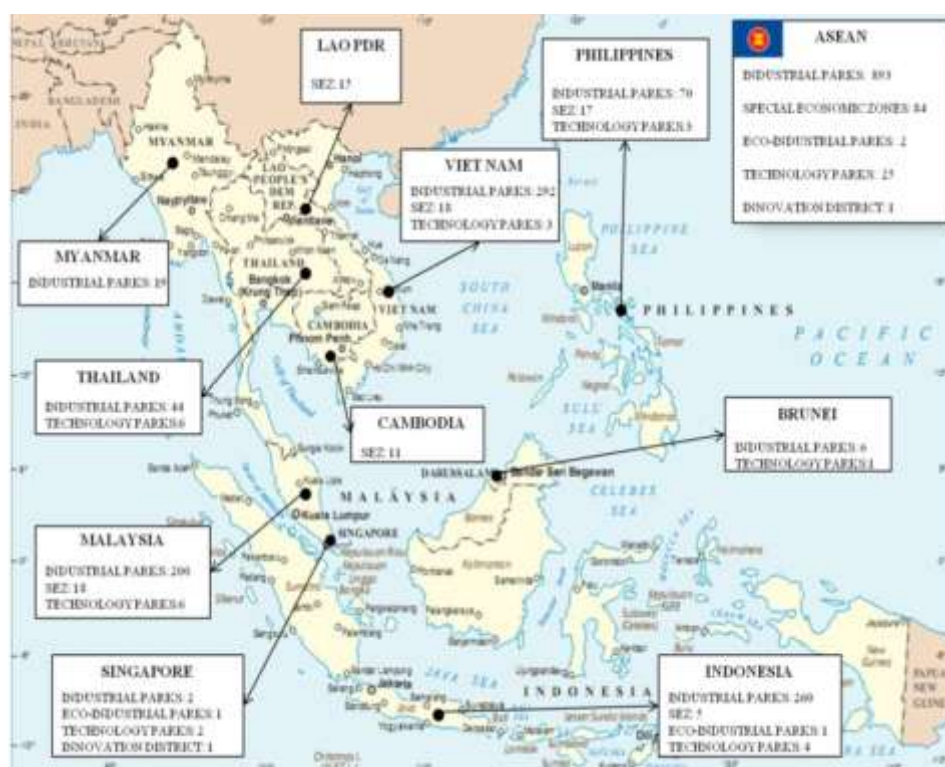
⁵⁰ ASEAN (2017), *Sharing access to technology, the story of MSME's path to innovation in the Philippines*, ASEAN Secretariat. [online] Available at: <http://asean.org/sharing-access-technology-story-msmes-path-innovation-philippines/>

D. Special Economic Zone (SEZ)

Special economic zones (SEZ) are critical to draw investors. SEZs, including export processing zones, industrial parks, eco-industrial parks, technology parks, and innovation districts, are being increasingly used in the economic development strategies of ASEAN Member States to attract investors, create jobs and increase export earnings. SEZs in ASEAN have been at the heart of export-led development strategies over many decades. Figure 16 shows that as of May 2015, there were approximately 1,000 economic zones (893 industrial parks, 84 special economic zones, 2 eco-industrial parks, 25 technology parks, and 1 innovation district) in ASEAN⁵¹.

Common features of SEZs include a geographically defined area, streamlined procedures –for customs, special regulations, and tax holidays – which are often governed by a single administrative authority. Both the public and the private sector play an important role in their development. Although in most ASEAN Member States most economic zones are developed with significant involvement by the private sector, the public sector provides the crucial enabling environment through policy, institutional support and public–private partnerships.

Figure 16: Economic Zones in the ASEAN Economic Community (estimations as of May 2015)



Source: ASEAN Secretariat

⁵¹ UNIDO Viet Nam (2015). *Economic Zones in the ASEAN*. Hanoi: UNIDO Viet Nam

The ASEAN Investment Report 2017 states that “available evidence suggests that economic zones have contributed to ASEAN Member States’ efforts to attract FDI, develop export industries, generate employment, uplift the standard of living of rural workers, increase opportunities for moving towards gender equality, and encourage infrastructure development within and around the zones. Economic zones have also played an important role in contributing to ASEAN Member States’ GDP through industrial development and other business activities they support. Economic zones, alone or in combination, have acted as catalysts for the agglomeration of firms and the formation of industrial clusters in ASEAN Member States”.

Case Study: ASEAN Guidelines for SEZ Development and Collaboration

According to the ASEAN Guidelines for SEZ Development and Collaboration, ASEAN Member States are to work towards a common understanding of the definition of SEZs. Designing and implementing successful SEZ strategies and improving the operations of existing SEZs also require favourable regulatory regime, a compelling master plan, and excellent infrastructure. The guidelines call for a flexible implementation and establishment of a mechanism to carefully assess policy interaction at the regional level in order to deal with important complex interaction between Free trade agreements and SEZs⁵².

Some economic zones in ASEAN have acted as catalysts for the development of industrial clusters. Examples include automotive clusters in Indonesia and Thailand, and electronics clusters in Malaysia, the Philippines, Singapore and Viet Nam. Although economic zone development in the CLMV countries is relatively recent, these SEZs are beginning to attract a wider range of foreign firms operating in different industries. Other contextual issues in relation to economic zone development in ASEAN include the relationship between economic zones and sub-regional growth areas (e.g. the Indonesia–Malaysia–Thailand Growth Triangle and the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area). Regional production networks, sustainable development issues, the evolution of economic zones and cooperation between countries on border zone development, which can affect cross-border trade and investment are all important integration and South-South Cooperation issue, see Annex 8.

E. Member State Intra-Regional Initiative

South-South Cooperation is concessional and based on solidarity. Despite countries having to meet their own obligations at home, they still reach out to others. The Neighbouring Countries Economic Development Cooperation Agency is an example of how Thailand is implementing South-South Cooperation projects to assist other countries in ASEAN.

⁵² ASEAN Guidelines for Special Economic Zones (SEZs) Development and Collaboration. (2018). In: *28th – 29th ASEAN Summits*. [online] ASEAN. Available at: <http://asean.org/storage/2016/08/ASEAN-Guidelines-on-SEZ-Development.pdf>

Case study: Thailand's Neighbouring Countries Economic Development Cooperation Agency (NEDA)

NEDA was established on 17 May 2005 under the Royal Decree on “Establishment of Neighbouring Countries Economic Development Cooperation Agency”, announced in the Royal Thai Government Gazette, Volume 122. NEDA, is an organisation operating under the surveillance of Finance Minister of Thailand. Its primary function is to extend financial and technical assistance to neighbouring countries including Cambodia, Lao PDR, Myanmar, Viet Nam, Bhutan, Sri Lanka and Timor-Leste. NEDA pays much attention in promoting transport connectivity in the Greater Mekong Sub-region (GMS), to enhance trade and investment growth, decrease the development gap in the region and achieve regional sustainability. The key strategies and measures that have been used are listed in Table 8.

Table 8: Key strategies and measures being used in NEDA

Key strategies used	Strategy 1: Develop financial and technical cooperation with neighbouring countries to international standards Strategy 2: Integration with other sectors to maximise economic development with neighbouring countries Strategy 3: Managing financial resources for sustainability in operations Strategy 4: Continuously develop the organisation and enhance its performance
Key Measures used	<ul style="list-style-type: none">✓ Enhance trade, investment and tourism among NEDA's neighbouring countries✓ Promote the project to develop the special economic zone in Dawei, Myanmar, which will link the production network/value chains in the region and will help expand ASEAN trade to South Asia and the West.✓ Promote the project to enhance trade links with neighbouring markets with large population/purchasing power by developing transportation links between Thailand and neighbouring countries and third countries such as PRC, India, and Bangladesh.✓ Promote urban and special economic zone development projects on major transportation routes in order to transform those transportation routes into full economic corridors.

NEDA's focus has been on infrastructure development, urban development and connectivity in the sub-region. The financial assistance is in form of grants and/or soft loans. In line with Thailand's foreign and economic cooperation policy, the assistance is targeted to activate the sustainable economic growth and development of the entire sub-region⁵³. Being informed by the ASEAN Connectivity Coordinating Committee of the priority ASEAN Connectivity projects and key players, NEDA comes in to support the infrastructure development projects, in the neighbouring countries, through bilateral agreements, in line with strategies in each Mekong country (Box 9).

⁵³ NEDA. (2018). Vision and Mission. [online] Available at: <https://www.neda.or.th/2018/en/home>

Box 9: Cooperation Strategies between NEDA and Neighbouring Countries

- **Cambodia** – Promote development of Special Economic Zones and Corridor Towns; promote transportation linkages. For example: The National Road R67 construction project is undertaken under the framework of the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) as a bilateral agreement and had impacted tourism, urbanisation and trade sector
- **Lao PDR** – Promote transportation linkages; promote cooperation on energy sector; promote development of corridor towns. For example: The Road and Drainage System Improvement Project in Vientiane which is within GMS (Greater Mekong Sub- Region) framework with the objective to enhance economic potential among Lao PDR, Cambodia, Myanmar and Thailand.
- **Myanmar** – Promote transportation linkage; promote development of corridor towns. For example: The Two-Lane Road linking the Dawei SEZ and Myanmar-Thailand border will link Dawei Special Economic Zone with Bangkok and the Greater Mekong Sub-region, while the Dawei deep-sea port would link Thailand, Cambodia and Viet Nam with India, the Middle East, Europe and Africa, significantly shortening transportation time and enhance economy and social aspects in future, once

South-South Cooperation activities by countries or institutions that are not concessional in nature are under question as to whether they constitute South-South Development Cooperation or not, this is the so-called measurement issue in South-South cooperation discourse. NEDA's activities are unambiguous in terms of their concessional nature. Thus, NEDA practices could become a critical component of addressing the "measurement question" in South-South Cooperation

Chapter 3: CAPACITY DEVELOPMENT/HUMAN RESOURCES DEVELOPMENT

An important aspect of South-South Cooperation is technical cooperation among developing countries (TCDC). In fact, it is the oldest component of South-South Cooperation implemented since the Buenos Aires Plan of Action of 1978. Economic cooperation among developing countries (ECDC) was incorporated later to create the new terminology of South-South Cooperation which consists of TCDC and ECDC. This early focus on technical cooperation among developing countries demonstrates the important role of people in development.

Regardless of whatever other resources ASEAN may have, people and their capabilities are at the centre of development. While previous generations of ASEAN people have contributed to its success, the changing global economy and capabilities of its workers require policy and institutional reforms to render this generation “fit for purpose”. With big data and artificial intelligence driving growth, universities and other higher education centres are compelled to have innovation centres. Furthermore, the expansion of artificial intelligence could affect the livelihoods of middle skilled workers, hence the need to retrain and re-equip some of the workers. The expansion of economic infrastructure requires accelerated scale of training engineers and facilitating their mobility. The changing demography of ASEAN whereby “Millennials” now constitute the bulk of the workforce requires tapping into their skills. They are connected to the internet and particularly the social networks.

In 2017, it was estimated that there were 213 million youths (age 15-34 years) in ASEAN countries, constituting the largest ever cohort of ASEAN youth⁵⁴. As the working-age population (20-54 years) grows in number (Table 9), it will not only boost the region's spending, but also increase its savings - and its capacity to

invest (the so-called demographic dividend). To maintain dynamic growth, one cannot rely on natural resources and unskilled labour, but should aim for sustainable development and equitable growth, through increased productivity and innovation, to move up the value chain. To achieve this,

Table 9: Demographic population in ASEAN

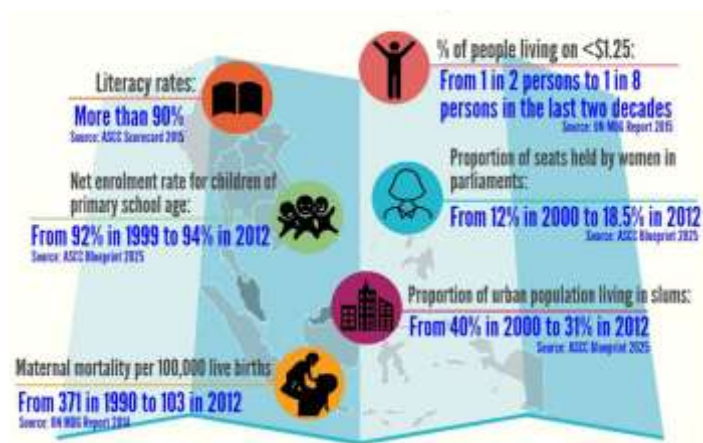
Country	Percentage					Total
	0-4	5-19	20-54	55-64	>65	
Brunei Darussalam	7.9	24.2	56.3	7.4	4.3	100.0
Cambodia	10.0	28.7	49.7	6.5	5.1	100.0
Indonesia	9.3	26.5	51.3	7.7	5.3	100.0
Lao PDR	10.5	32.3	47.6	5.3	4.2	100.0
Malaysia	8.3	25.3	52.8	7.5	6.0	100.0
Myanmar	9.3	28.2	48.9	7.7	5.9	100.0
Philippines	11.0	30.3	47.2	6.5	4.9	100.0
Singapore	4.8	16.5	52.3	14.0	12.4	100.0
Thailand	5.7	19.0	52.1	12.2	11.0	100.0
Viet Nam	8.3	22.4	51.7	9.7	8.0	100.0
ASEAN	9.0	25.8	50.6	8.2	6.4	100.0

Source: ASEAN Secretariat

investment in human capital is vital.

⁵⁴ ASEAN (2017). *First ASEAN Youth Development Index*. Jakarta: ASEAN Secretariat.

Figure 17: ASEAN Social Landscape at a Glance



Source: ASEAN Secretariat

The ASEAN social landscape has progressively improved over the years (Figure 17). The literacy rate in ASEAN has improved over time with 94.9 per cent of adults able to read and write in 2016, up from 74.5 per cent in 1980. More ASEAN people aged 18-23 years are attending tertiary education, reaching 36.1 percent in 2016, up from 18.2 per cent in 1990⁵⁵. Southeast Asia is the world's fastest growing region for internet access, with nearly 125,000 new users expected to come online each day through 2020. The region's internet economy, including e-commerce, travel and online media, could grow to be worth at least USD 200 billion by 2025⁵⁶. The region is getting prepared for today's changing environment, with digital inclusion and the right skills sets for internet and social media. The capacity building for this mostly takes place under the People-to-people connectivity, see Box 10.

The people-to-people Connectivity is one of the key features of the ASEAN Connectivity Programme and promotes intra-ASEAN social and cultural cohesiveness and increasing greater intra-ASEAN mobility. The 4th ASEAN Summit held in Singapore in 1992 called for ASEAN Member States to help, "hasten the solidarity and development of a regional identity through the promotion of human resource development so as to further strengthen the existing network of leading universities and institutions of higher learning in the region."

The ASEAN Leaders' call echoes its inclusive and people-centred approach to human resource development. In coherence with the ASEAN Vision on "One Identity, One Community", emphasis has been placed on promoting ASEAN-ness, capacity-building as well as and inter-connectedness among relevant institutions and stakeholders across ten Member States. For example, in the education sector, these elements are translated into

⁵⁵ ASEAN (2017). *Celebrating ASEAN: 50 Years of Evolution and Progress*

⁵⁶ Duchatellier, C. (2017). *Asia must overhaul its education systems for the new reality of work*. [online] World Economic Forum Available at: <https://www.weforum.org/agenda/2017/05/asia-must-overhaul-its-education-systems-for-the-new-reality-of-work>

actions through the ASEAN 5-Year Work Plan on Education 2016-2020 endorsed by the 9th ASEAN Education Ministers Meeting (ASEM) in 2016.

Box 10: People-to-people Connectivity: some highlights of achievements

- **ASEAN Virtual Learning Resource Centres (AVLRC)** aims to foster greater information knowledge sharing about ASEAN and its member countries by using IT technology.
- **Increasing Educational Opportunities** are being fostered by a number of projects:
 - **ASEAN International Mobility for Students Program** is expanding its scope to include Indonesia, Malaysia, Thailand, Brunei, Philippines and Viet Nam, allowing ASEAN Member State students to move and study across these countries. It has 48 participating higher education institutions.
 - **ASEAN Curriculum Sourcebook** is helping to educate primary and secondary school students about ASEAN and what it involves, to enhance their understanding about the ASEAN region.
 - **ASEAN University Network** provides opportunities at the University level as detailed in AUN Case study.
- **Visa Exemptions and Tourism** have contributed to the economy by increasing tourism and connectivity
- **Mutual Recognition Arrangements (MRAs)** make it easier for skilled workers to move around and work across the region, mainly in the areas of Engineering, Architecture, Nursing, Tourism, Medical Practitioners, Accountancy and Land Surveying. ASEAN ICT Skills Standards are also being developed.
- **Intergovernmental Institutes** – To contribute through human resource development and capacity building to the achievement of sustainable development goals. Mekong Institute is an example.

A distinct feature in ASEAN's case is that in addition to the sectoral bodies at ministerial and senior official levels, capacity and human resource development in ASEAN are significantly and coherently driven by other entities. Table 10 lists a few of the Centres that lead on capacity building in specialised sectors in the region.

Several established institutional mechanisms also support the policy-makers and multiple ASEAN stakeholders to enhance understanding of diverse issues for achieving the ASEAN Community Vision 2025. There are currently sixty-nine (69) "Entities Associated with ASEAN" constituting five categories, which are listed in Annex 2 of the ASEAN Charter⁵⁷:

- Parliamentarians and Judiciary: Two (2) entities
- Business Organisations: Fifteen (15) entities
- Think Tank and Academic Institutions: Two (2) entities
- Civil Society Organisations (CSOs): Forty-three (43) entities
- Other Stakeholders in ASEAN: Seven (7) entities

The next session takes a deeper look at some of the ASEAN institutions for Capacity building.

⁵⁷ ASEAN. (2018). Entities Associated with ASEAN. [online] Available at: <http://asean.org/asean/entities-associated-with-asean-2/>

Table 10: Lists of Centres with specialised sectors in the region

Name of the Centre	Host Country	Specialised sector	Website
ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (The AHA Centre)	Indonesia	Disaster Management	http://www.ahacentre.org
ASEAN Centre for Energy (ACE)	Indonesia	Energy	http://aseanenergy.org/
ASEAN Council on Petroleum (ASCOPE)	Malaysia	Petroleum	http://www.ascope.org/
ASEAN-EC Management Centre (AEMC)	Brunei Darussalam	Management Issues	http://www.bruneidirecthys.net/about_brunei/asean_ec.html
ASEAN Insurance Training and Research Institute (AITRI)	Japan	Training and Research	http://www.asean.or.jp/en
ASEAN Centre for Biodiversity (ACB)	Philippines	Respond to the challenges of biodiversity loss	http://www.aseanbiodiversity.org/
ASEAN Specialised Meteorological Centre (ASMC)	Singapore	Meteorological	http://asmc.asean.org/
South East Asian Central Banks (SEACEN)	Malaysia	Regional Research and Learning Hub for Central Banks	https://www.seacen.org/
ASEAN University Network (AUN) Secretariat	Thailand	A network of 30 universities	http://www.aunsec.org/

Comment [Office19]: From S&T Division: There is also: Name of Centre: ASEAN Earthquake Information Center (AEIC) Host Country: Indonesia Specialised sector: Earthquake information Website: <http://aeic.bmkg.go.id/>

A. Case Study: ASEAN Foundation

The ASEAN Foundation is a “Think Tank and Academic Institution”. The ASEAN Foundation was established in 1997 with the aim to help bring about shared prosperity and a sustainable future to all ASEAN countries. The ASEAN Foundation has twin objectives⁵⁸, namely:

- To promote greater awareness of ASEAN, and greater interaction among the peoples of ASEAN as well as their wider participation in ASEAN's activities inter alia through human resources development; and,
- To contribute to the evolution of a development cooperation strategy that promotes mutual assistance, equitable economic development, and the alleviation of poverty.

The Foundation is mandated by the ASEAN Charter to support the Secretary-General of ASEAN and collaborate with the relevant ASEAN bodies to support ASEAN Community building through:

- Promoting ASEAN awareness and identity;
- Enhancing interaction among various ASEAN stakeholders;
- Developing human resources and capacity building; and

⁵⁸ ASEAN Foundation (2016). Who We Are - ASEANFoundation. [online] Available at: <http://www.aseanfoundation.org/who-we-are/home>

- Addressing socio-economic disparities and alleviating poverty.

Box 11: Some achievements of ASEAN Foundation projects

- ✚ The ASEAN Leaders Programme gathers senior leaders from the public, private, and civic sectors in ASEAN to work together to address a challenge in the region;
- ✚ Regional Conference on the Economic Participation of Women in ASEAN reviews the macroeconomic indicators and barriers to women's participation in SME in ASEAN;
- ✚ Interfaith Dialogue fora are organised to get faith groups to discuss how religious teachings can contribute towards achieving peace and security in the ASEAN 2025 Blueprint goals;
- ✚ The ASEAN Social Entrepreneurship Conference aims to bring ASEAN social entrepreneurs, organisations supporting social enterprises, government, and academia together to forge connections and develop projects together;
- ✚ The ASEAN Farmers' Organisations Support Programme (AFOSP) aims to improve the livelihoods and food security of smallholder farmers and rural producers in ASEAN member countries;
- ✚ The Chulabhorn Graduate Institute - ASEAN Foundation Post-graduate Scholarship Programme in Science and Technology aims to build the capacity of the next generation of ASEAN scientists; and,
- ✚ The Science and Technology Fellowship Programme allows scientists and researchers in ASEAN to play a part. Japan also supports a student exchange programmes.

The ASEAN Foundation has successfully engaged different sectors of ASEAN such as youths, artists, rural farmers, social entrepreneurs, and women towards the realisation of an open, dynamic and resilient ASEAN Community (Box 11). There are three different funding components for the overall functioning of the Foundation. These are:

- An Endowment Fund – A one-time contribution by Brunei Darussalam, Indonesia, Malaysia, Singapore, Philippines and TIFA Foundation in Jakarta, Indonesia;
- An Operation Fund – contributed by all 10 AMS for day-to-day operations; and,
- A Project Fund – The Project Fund is derived from the Japan-ASEAN Solidarity Fund, ASEAN Dialogue Partners and the private sector for the organisation's initiatives as well as regional projects/activities.

B. Case Study: ASEAN University Network (AUN)

The ASEAN University Network was initiated in 1995 and became a key implementing agency of ASEAN in the Socio-cultural portfolio with the signing of the ASEAN Charter in 2007. The main functions of the AUN Secretariat cover planning, organising, coordinating, monitoring and evaluating AUN programmes and activities. AUN works closely with the ASEAN Secretariat in reporting progress and proposing initiatives for further intra-regional and inter-regional cooperation in higher education. The institutional framework and reporting system is detailed in Figure 18 and the strategy to facilitate regional cooperation in Box 12.

Figure 18: Structure of AUN Secretariat



Source: ASEAN University Network

AUN conducts programmes and activities to encourage and promote higher education cooperation and development to enhance regional integration in achieving global standards. The current activities are categorised into five areas as follows: Curriculum Design and Implementation, Quality Assurance; Student Activities and Mobility, Academic and Research Collaboration; and University Networking Platforms. The Number of core universities affiliated grew from 11 in 1995 to 30 in 2013. As the host, the Royal Thai government provides financial support for the operations of the AUN Secretariat.

Box 12: The AUN's strategy to facilitate regional cooperation

- To provide educators in the region with access to the wide array of new curriculum thinking and practices, as well as innovative teaching and learning approaches;
- To build the pathways towards long-term contributions of AUN-Quality Assurance (AUN-QA systems and mechanisms);
- To consolidate the current student activities by adding the richness of explicit learning objectives or academic benefits into every single project/activity;
- To provide research collaboration opportunities to the researchers especially in the niche or regional areas of research interests, maximising the capacities of the existing AUN subject-specific subnetworks; and
- To enrich the regular meeting platforms with knowledge/experience sharing, networking and exposure opportunities for university administrators at all levels.

AUN is both a success and a challenge owing to its multilateral nature. Through 14 sub-networks, it has collaborated in a wide spectrum of areas. The 14 sub-networks are hosted by the AUN Member Universities. This has advanced knowledge on recurring and emerging areas (Annex 9). AUN Member Universities contribute resources on a cost-sharing basis used for AUN programmes only. As AUN is mainly driven by project-based funds, the initiative is more triangular than South-South cooperation. The beneficiary countries are mutually agreed upon between AUN and funding partners. Twinning with ASEAN+3 has been ongoing since its early days and the reality is that a lot of AUN activities in the field of higher education have been done in cooperation with the East Asian universities. However, a positive development is that experts are increasingly deployed from this region for capacity building projects as they can better connect to the culture and needs of the region.

A significant consideration is how to strengthen the education platform to achieve the end goal which is regional integration. Thus far, the AUN has placed emphasis on harmonising the design of curriculum in tertiary institutions across ASEAN Member States, promoting

youth exchanges, and nurturing critical thinking as well as regional and global mindsets. Dr. Choltis Dhirathiti, Executive Director of AUN underlined the importance of higher education to further critical thinking in dealing with the ever-emerging challenges in the region (Box 13).

Box 13: Interview with Dr. Choltis Dhirathiti, Executive Director, ASEAN University Network

Dr. Choltis Dhirathiti
Executive Director
ASEAN University Network

The ASEAN University Network has a double identity – with ASEAN and East Asia. It is difficult to move away and isolate this region from East Asia. Since its inception, the collaboration is ongoing with ASEAN+3 as well as with the North. To gain more weightage on intra-ASEAN achievements, Dr. Dhirathiti indicated that “Educational development is a long-term project that the governments of our AMS need to invest in incrementally. This will lead to a multiplier effect on the impact and achievements”.



He also emphasised that “Critical thinking and creativity are like twins and cannot be earned on your own and need to be facilitated by higher education institutions”. He adds “With support from the Member States, AUN stands firm to facilitate strategic measures for students to be more critical and creative in their own thinking and address the issues of the globe”.

C. Case Study: Mekong Institute

The Mekong Institute (MI) is an intergovernmental organisation (IGO) founded by the six-member countries of the Greater Mekong Sub-region (GMS), namely Cambodia, China (Yunnan Province and Guangxi Zhuang Autonomous Region), Lao PDR, Myanmar, Thailand and Viet Nam. Five of the six members are ASEAN Member States. The MI provides, implements and facilitates integrated human resource development (HRD), capacity building programmes and development projects related to regional cooperation and integration. Since 2003, MI’s programmes and services gravitated towards cross-border issues with a focus on rural development, good governance, and trade and investment facilitation.

The MI’s goals and strategies support the GMS Cooperation Programme and the ASEAN Economic Community (AEC), emphasising enhanced physical connectivity in the GMS economic corridors and the realisation of the GMS/AEC target of a single market and production base, equitable growth, and sustainable resource management. Currently, the programmes and activities focus on three main thematic areas: Agricultural Development and Commercialisation; Trade and Investment Facilitation; and Innovation and Technological Connectivity.

The MI has been playing a key role in enhancing the economy of the region by targeting poverty alleviation through several sustainable rural development programmes in the agriculture sector. The MI undertakes collaboration with international agencies through South-South and triangular cooperation measures to develop the export capacity of small and medium

enterprises (SME) from Cambodia, Lao PDR, Myanmar and Viet Nam in the agro-food sector. Through intensive training programmes, one-on-one consultations, advisory support as well as market familiarisation missions (in ASEAN and partner countries like China, Australia, New Zealand, etc.) to selected SME in the specialty food sector to strengthen market research capacities, peer exchange among exporters and connecting them to the international buyers are enhanced.

An example is a Poverty Alleviation and Sustainable Rural Development training course aimed to: increase participants' skills to analyse challenges and opportunities of rural development and poverty alleviation for rural communities; enhance participants' skills to facilitate local participation in the development of rural communities; increase participants' knowledge and ability to plan interventions; and increase participants' knowledge of regional crosscutting issues such as poverty alleviation, good governance, environmental protection and regional cooperation, and disaster risk management. In this training course, participants go through five interrelated modules on Sustainable Rural Development and Poverty Alleviation. Each country group prepares Action Plans to serve as their guide in the implementation of specific poverty alleviation programmes when they return to their countries. Finally, this course provides support for the re-adjustments of the action plans, with regular monitoring of the activities and online technical support to the participants, to address some of the difficulties and implementation constraints.

The MI has also contributed in a number of ways in the region, as shown in Box 14:

Box 14: Achievements by Mekong Institute

- In partnership with New Zealand, the MI Food Safety Project (MI-FSP) has provided food safety expertise to Cambodia, Lao PDR, Myanmar, and Viet Nam and helped these countries to improve the current situation of food safety in the region;
- In partnership with Swiss Agency for Development and Cooperation, the project on “Regional and Local Economic Development on East-West Economic Corridor” in three provinces including Khammouane, Lao PDR; Quang Tri, Viet Nam; and Kayin State, Myanmar was implemented. This resulted in significant achievements and contributed to the improved performance and economic situation of smallholder farmers and SME of these provinces;
- The Lower Mekong Initiative (LMI) Food Security Donor Mapping Database enhanced collaboration among donors, national governments and other development organisations in food security and agriculture projects in Cambodia, Lao PDR, Myanmar, Viet Nam, and Thailand;
- China Southern Power Grid Co., Ltd. (CSG) has partnered with MI to conceptualise and implement initiatives on promoting energy connectivity through professional trainings as well as workshops;
- Since 2013, with support from the Republic of Korea, regional cooperation in the Mekong is enhanced. The Fund provides a grant for projects that are of regional in nature and the priority sectors include (1) Infrastructure, (2) Information Communication Technology (ICT), (3) Green Growth, (4) Water Resource Development, (5) Agriculture and Rural Development; and (6) Human Resource Development;
- With support from Japan, MI formulated “Enhancing Competitiveness of Small and Medium-sized Enterprises (SME) in the Southern Economic Corridor (SEC) of ASEAN Mekong Sub-region (AMS)” – a project that aims to enhance capacities of the agencies involved in trade and investment activities to facilitate cross-border trade. In addition, it intends to support SME by providing a range of capacity building programs in the GMS region; and,
- Throughout 2016, Thailand International Cooperation Agency (TICA) has partnered with MI to address a broad range of development goals that strengthen the knowledge and skills of the members of the GMS.

Involving key agencies in the beneficiary country at the early stages, and including activities such as courtesy visit, needs analysis, and inception workshops, enhances cooperation among different agencies and the MI. The MI has been actively engaged over the years in providing fit-for-purpose trainings and one of the main challenges is in the area of planning and incorporating post-training and follow-up activities at the national level. In order to add value to such training advice, it seems that the MI should be given more responsibility to provide technical advice on the implementation of the Country Action Plans.

Approximately 11 per cent of the funds for the MI come from GMS Countries. Project-based funds are the main resource and developed countries play a key role in terms of funding different projects.

In sum, lessons learnt from ASEAN's case studies in capacity and human resources development show a trajectory of technical cooperation among developing countries that goes beyond state actors. The South-South spirit of solidarity manifested at the regional level has in turn given incentives to various stakeholders to take collective actions at sub-regional, national and local levels towards realising a shared vision. Strong institutional arrangements and interplay among stakeholders in ASEAN countries in these areas also served as enablers for SSC and TrC to grow hand-in-hand.

Chapter 4: SUSTAINABILITY-THE GREEN ECONOMY

Recognising the importance of environmental cooperation for sustainable development and regional integration, ASEAN Member States have since 1977 cooperated closely. The ASEAN Socio-Cultural Community (ASCC) Blueprint 2025 acknowledges that; “In moving towards the realization of the overarching goals of an ASEAN Community 2025, the ASCC envisions the achievement of a sustainable environment in the face of social changes and economic development”.

The ASEAN region is endowed with rich natural resources that sustain essential life support systems and play an important role in sustaining a wide range of economic activities. However, the region is already facing a myriad of transboundary environmental issues, including but not limited to, haze, water pollution, biodiversity loss, waste, and dwindling forest cover.

The SDG Progress Report 2017 sets material footprint and domestic material consumption as an urgent area of action for ASEAN⁵⁹. In addition, ASEAN's balancing act between environmental sustainability and economic development will be made more challenging because of existing region-wide social inequities, increasing natural disasters, rapid urbanisation and a growing middle-class society. The Asian Development Bank (ADB) estimated that by 2030, nearly half a billion of ASEAN's population will be classified as middle-income⁶⁰. ASEAN's growing economic affluence has also seen the size of its middle-class consumer base increase dramatically, with the number expected to double between 2015 and 2020 to reach a total of about 400 million⁶¹. Member States are in varying stages of national development and the growing middle class and rapid urbanisation inevitably adds to the increasing consumption of resources and degeneration of the environment and biodiversity.

ASEAN is also acutely exposed to the risks of climate change. The Global Climate Risk Index indicates that among the world's top ten countries most affected by climate change, four are located in ASEAN i.e. Myanmar, the Philippines, Thailand, and Viet Nam.⁶²

Mindful of its acute risks, ASEAN has prioritised this issue and promoted integration on climate policy. The ASEAN Community Blueprint to 2025 includes a specific section on Sustainable Climate. The ASEAN Summits have periodically issued statements pertaining to

⁵⁹ Bidarbakht-Nia, A. (2018). *Asia and the Pacific SDG Progress Report 2017*. [online] Bangkok: United Nations. Available at:

<https://www.unescap.org/sites/default/files/publications/Asia-Pacific-SDG-Progress-Report-2017.pdf>

⁶⁰ Ong, K. (2017). ASEAN at 50: A road map of key challenges ahead. *The Straits Times*. [online] Available at:

<https://www.straitstimes.com/asia/se-asia/a-road-map-of-key-challenges-ahead>

⁶¹ ASEAN Cooperation on Environment. (n.d.). *ASEAN Cooperation on Environmentally Sustainable City*. [online] Available at:

<http://environment.asean.org/awgesc/>

⁶² German Watch. *Global Climate Risk Index 2017: Who Suffers Most from Extreme Weather Events? Weather-related Loss Events in 2015 and 1996 to 2015*. [online] Available at: <https://germanwatch.org/de/download/16411.pdf>

climate change (2007, 2009, 2010, 2011, 2014, 2015 and 2016), expressing the common aspirations to tackle climate change through national and regional commitments.⁶³

An ASEAN Climate Change Initiative (ACCI) and an ASEAN Working Group on Climate Change (AWGCC) were established in 2009 as the primary sectoral bodies on this matter. Due to the inter-connected and cross-cutting nature of the climate change issue, the current work plan of AWGCC indicates cross-sectoral coordination and global partnership. Further to that, the ASEAN Leaders adopted the Statement on Joint Response to Climate Change in 2010, followed by the ASEAN Action Plan on Joint Response to Climate (AAPJRC) by the ASEAN Environment Ministers in 2012. Against this backdrop, the linkages of the environment with a well-functioning economy and strengthened society were envisioned to be addressed.

A. ASEAN Cooperation on Environment

ASEAN cooperation on environment is currently guided by the ASEAN Socio-Cultural Community Blueprint 2025 and the ASEAN Strategic Plan on Environment as shown in Box 15. The institutional arrangement comprises of the ASEAN Ministerial Meeting on the Environment (AMME), ASEAN Senior Officials on the Environment (ASOEN), and 7 subsidiary bodies/working groups⁶⁴ (Figure 19).

ASEAN has been working closely with various Dialogue and Development Partners in promoting environmental protection and sustainable development. The partners include China, the European Union (EU), Germany, India, Japan, Republic of Korea, USA, the United Nations Environment Programme, Hanns Seidel Foundation and Global Environment Centre⁶⁵. To address some of the growing environmental concerns in the region, a few of the on-going ASEAN initiatives on environment cooperation are:

- ✚ ASEAN Environmentally Sustainable Cities;
- ✚ ASEAN Agreement on Transboundary Haze Pollution;
- ✚ ASEAN Programme on Sustainable Management of Peatland Ecosystems;
- ✚ ASEAN Centre for Biodiversity;
- ✚ China-ASEAN Environmental Cooperation;
- ✚ ASEAN Conference on Reducing Marine Debris in ASEAN Region;

⁶³ Norwegian Institute of International Affairs (2017), Impact of Climate Change on ASEAN International Affairs: Risk and Opportunity Multiplier, <http://www.siiiaonline.org/wp-content/uploads/2017/11/2017-Impact-of-climate-change-on-ASEAN-international-affairs.pdf> (access on 27 August 2018)

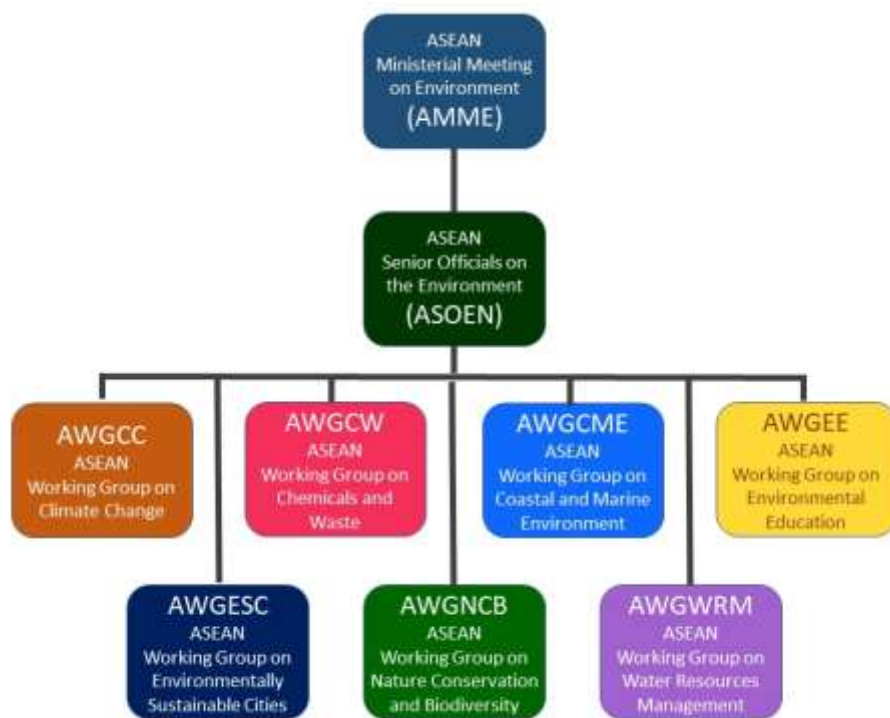
⁶⁴ ASEAN (2017), *ASEAN Cooperation on Environment – At A Glance*. Jakarta: ASEAN Secretariat.

⁶⁵ ASEAN Cooperation on environment at a glance, ASEAN Secretariat, November 2017

Box 15: ASEAN Strategic Plan on Environment (ASPEN)

- Developed to serve as a comprehensive guide of ASEAN cooperation on environment for the next decade;
- The institutional framework of the ASEAN cooperation on environment consists of the ASEAN Ministerial Meeting on the Environment (AMME), ASEAN Senior Officials on the Environment (ASOEN), and 7 subsidiary bodies/working groups (Figure 19);
- ASPEN contributes mainly, but is not limited to the implementation of the following key areas:- (i) Conservation and Sustainable Management of Biodiversity and Natural Resources; (ii) Environmentally Sustainable Cities; (iii) Sustainable Climate; (iv) Sustainable Consumption and Production;
- consists of action plans of seven strategic priorities that cover major thematic areas of cooperation in environmental protection and sustainable development undertaken by ASOEN;
- Each action plan will contain selected programmes based on existing cooperation or emerging needs of ASEAN Member States;
- These programmes can be used as a guide in developing specific projects or activities with partners; and,
- As environmental issues are often cross-sectoral in nature and inter-linked with other concerned areas, the implementation of ASPEN is expected to contribute, directly or indirectly, to the implementation of other relevant strategic measures.

Figure 19: Institutional framework of ASEAN Cooperation on environment



⁶⁶ Green Economy Green Growth Myanmar. (2018). *Terms of Reference of the ASEAN Institute for Green Economy (AIGE)*. [online] Available at: <http://geggmyanmar.org/terms-reference-asean-institute-green-economy-aige/>

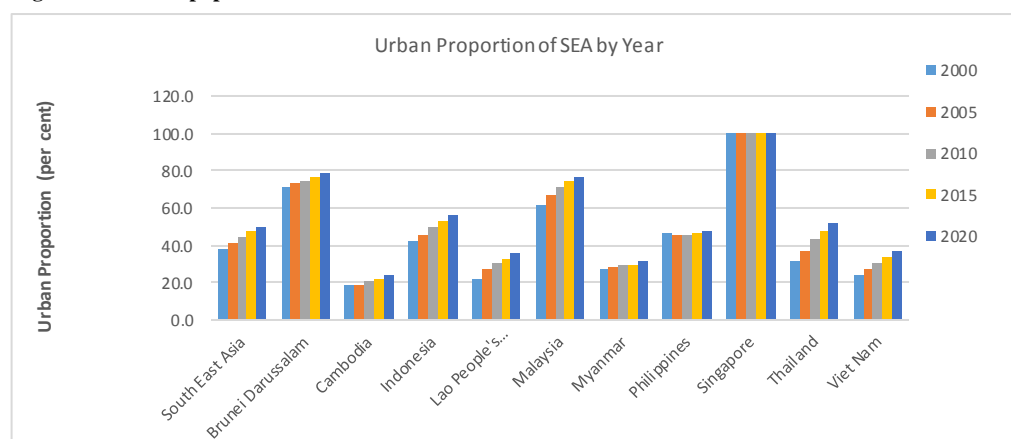
Box 16: ASEAN Institute for Green Economy (AIGE)⁶⁷

- ✚ The ASEAN Institute for Green Economy (AIGE) is located at the Centre of Excellence for Greening (CoE-G) of the Green Economy Green Growth Association, Myanmar (GEGG Myanmar Association) in the campus of the Ministry of Science and Technology, Department of Research and Innovation, Yangon, Myanmar;
- ✚ The Institute is intended to increase and improve sustainable development, conservation and efficient use of natural resources, particularly energy, water and biodiversity, and transition to low carbon technologies to address climate change;
- ✚ The Steering Committee shall comprise of a representative of each ASEAN Member State; and,
- ✚ Resources are available from the Member States both as project-based voluntary funding as well as in other ad hoc forms, in addition to external funding and support from diverse partners.

Case Study: Environmentally Sustainable Cities (ESC)

The Singaporean city-state with its 100 per cent urbanisation along with Malaysia and Brunei (around 80 per cent) form a highly urbanised cluster. This is followed by semi-urban Southeast Asia (Indonesia, Thailand, Philippines, Lao PDR, Myanmar and Viet Nam). Cambodia is still predominantly rural. The total population of ASEAN in 2016 reached around 640 million people and 48.2 per cent of them resided in urban areas⁶⁸ (Figure 20).

Figure 20: Urban population in ASEAN countries



Source: World Urbanisation prospects 2018

The trend in higher populations in urban areas has been increasing due to the development of new cities and mega-cities, rural-urban migration, rising affluence and expectations of the people. Against this backdrop and taking into account the changing environment, cities in

⁶⁷ Ibid.

⁶⁸ United Nations Department of Economic and Social Affairs (UN DESA). (2018). *The 2018 Revision of the World Urbanization Prospects*. [dataset]. UN DESA. Available at: <https://esa.un.org/unpd/wup/>

ASEAN are facing numerous challenges to stay environmentally sustainable. The ASEAN Leaders acknowledged the need to intensify cooperation in this area. Various programmes have been implemented for ASEAN cities to tackle the challenges and improve their environmental performance and progress towards a green economy. One of the successful programmes is on environmentally sustainable cities (see Table 11). The programme provides seed funding, technical assistance, promotes city-to-city collaboration, and other forms of support, to raise local capacity for implementing innovative and voluntary bottom-up initiatives, as well as to strengthen national Environmentally Sustainable Cities (ESC) frameworks and actions that facilitate the replication and scaling up of good practices and policies within and across countries.

Table 11: Initiatives within the ASEAN Environmentally Sustainable Cities⁶⁹

Name of the Initiative	Year of Initiation	Composition	Objectives	Functionality
ASEAN Working Group on Environmentally Sustainable Cities (AWGESC)	June 2003	All ASEAN Member states, chaired by Singapore	Drive the initiative on Environmentally Sustainable Cities in ASEAN.	- a consultative forum to enhance coordination and collaboration - addressing environmental sustainability challenges in the areas of clean air, clean water, and clean land as well as the green and blue issues, towards achieving liveable cities/ urban areas.
ASEAN Initiative on Environmentally Sustainable Cities (AIESC)	Endorsed by the ASEAN Environment Ministers in 2005	Covers 25 participating ASEAN cities	Target mainly the smaller and rapidly-growing, to pursue environmental sustainability	- Regional activities are focused on these cities, such as pilot testing the revised ESC Key Indicators for Clean Air, Clean Land, and Clean Water
ASEAN Environmentally Sustainable City (ESC) Award programme	Inaugural Presentation Ceremony was held on 8 October 2008	All Member States can participate	ESC Award aims to make ASEAN cities environmentally sustainable	- Recognising exemplary efforts and sharing best indigenous practices to keep cities clean, green, and liveable.

ASEAN Smart Cities Network

Established by ASEAN Leaders at the 32nd ASEAN Summit in April 2018, the ASEAN Smart Cities Network (ASCN) is envisioned as a collaborative platform where the ASCN cities work towards a common goal of smart and sustainable development, thereby contributing to the community-building of ASEAN. The concept note for the Network asserts, “Technological and digital solutions can be utilised to resolve the urban issues and to enhance quality and accessibility of services, thereby improving our citizens’ lives across the

⁶⁹ ASEAN Cooperation on Environment. (n.d.). *ASEAN Cooperation on Environmentally Sustainable City*.

urban-rural continuum, creating new opportunities for them and helping ensure that no one is left behind”⁷⁰.

The ASCN is a recent initiative by Singapore to support all the ASEAN Member States. At the 32nd ASEAN Summit in Singapore in April 2018, the Leaders endorsed the Vision for a Resilient and Innovative ASEAN which includes “an establishment of the ASCN to catalyse more opportunities for growth, innovation, capacity-building, climate change mitigation and adaption and sustainable development”. The map of ASCN pilot cities is shown in Figure 21. A concept note on ASCN was also adopted, key features of the Network are summarised in Box 17.

Figure 21: ASEAN Smart Cities Network – Map of the Pilot cities



Box 17: Key features of The ASEAN Smart Cities Network (ASCN)

Primary goal: To improve the lives of ASEAN citizens, using technology as an enabler

Members: 26 pilot cities across ASEAN as of March 2018

Objectives:

- a) Facilitate cooperation on smart cities development
- b) Catalyse bankable projects with the private sector
- c) Secure funding and support from ASEAN’s external partners

Examples of External partners:

- a) World Bank (WB)
- b) International Financial Cooperation (part of the World Bank Group)
- c) Asian Development Bank (ADB)
- d) Asia Infrastructure Investment Bank (AIIB)

The ASCN Framework has been endorsed by the Network and is expected to be adopted by Leaders at the 33rd ASEAN Summit in November 2018. Each ASEAN Member State is requested to nominate up to three ‘pilot’ cities (for the inaugural year), along with nomination of a Chief Smart Cities Officer (CSCOs) and a National Representative (NRs). ASCN’s

⁷⁰ ASEAN. (2018). *Concept Note of ASEAN Smart Cities Network*. [online] Available at: <http://asean.org/storage/2018/04/Concept-Note-of-the-ASEAN-Smart-Cities-Network.pdf>

reporting and system-wide coordination are primarily through the Joint Consultative Meeting (JCM), then to ASEAN Coordinating Council (ACC) and ASEAN Summit accordingly (Figure 22). The full Terms of Reference of the Network and the monitoring and evaluation framework for the ASCN are currently being developed by the ASEAN Secretariat as mandated at the inaugural meeting of the Network in July 2018.

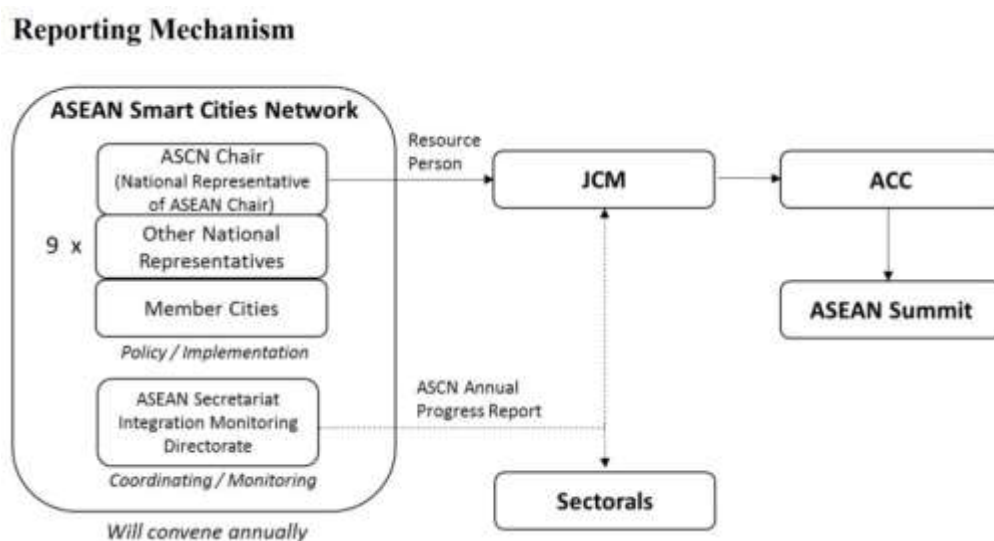
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The ASCN Framework has been endorsed by the Network and is expected to be adopted by Leaders at the 33rd ASEAN Summit in November 2018/

And

the full terms of reference of the network and the monitoring and evaluation framework for the ASCN are currently being developed by the ASEAN Secretariat as mandated at the inaugural meeting of the Network in July 2018

Figure 22: ASEAN Smart Cities Network – Reporting Mechanism



Source: ASEAN Secretariat

The ASCN development has a unique cross-pillar character which encompasses various sectors including; transport, water quality, energy, health care, education, public services, data, and information and communications technology (ICT). ASCN has been designed with flexibilities for participating Member States to focus on areas of their interest, in line with each city's local and cultural context. At the ASEAN Smart Cities Governance Workshop held in May 2018 in Singapore, Member States jointly articulated draft City-specific Action Plans for Smart City Development (2018-2025) and priority projects for each ASCN pilot city. Cities had the opportunities to interact with each other and also with dialogue and knowledge partners/experts.

In essence, ASCN constitutes South-South in action with a framework of cooperation that brings Member States and multiple stakeholders to cooperate on the basis of solidarity, tailor-made approaches and knowledge-sharing. The tangible benefits of the ASCN will be in terms of the development of quality project proposals and the linking to potential partners/funders. Looking ahead, ASCN could add more value through deliberating sustainability and cultural links in its implementation of the pilot projects.

Urbanisation and some of the mega-cities are increasing in the ASEAN region. Solutions based on good policies, enlistment of people's cooperation such as greening their environment, conservation and smart technology, can help the region achieve sustainable growth. ASEAN should look to fostering linkages and partnership among the knowledge centres as an integral part of its sustainability efforts. Enhancing synergies on the work of these knowledge centres, from the ASEAN Institute for Green Economy in Myanmar and the Sustainable Development Solutions Network in Indonesia, Malaysia and the Philippines to the ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDSD) which Thailand plans to establish in 2019, will further support ASEAN towards attaining sustainable development.

B. Science, Technology and Innovation

As indicated in the previous chapter, technology is also key to sustainable growth. ASEAN also aims to foster science and technology (S&T) as a key factor in sustaining economic growth, enhancing community well-being and promoting integration, via cooperation in S&T and the advanced development of human resource capacities⁷¹. Science, technology, and innovation have been prioritised in ASEAN's numerous plans of action since 1971 with the formation of the ASEAN Permanent Committee on Science and Technology (PCOST). Science, technology and innovation (STI) can be powerful determinants and enablers of economic development, educational programmes and protection of the environment⁷². As illustrated in Figure 23, ASEAN amended and revised its various strategic thrusts and their associated actions in its series of Plans of Action on S&T to address the following:

- intensifying collaboration with all relevant stakeholders and institutions in capacity building, research and Development (R&D), technology diffusion and commercialisation;
- strengthening S&T infrastructure, governance and support systems;
- raising the visibility of the benefits that can be derived from developing and utilising S&T products and services; and,
- strengthening cooperation with the private sector, Dialogue Partners and other Development Partners.

Case Study: ASEAN Plan of Action on Science and Technology

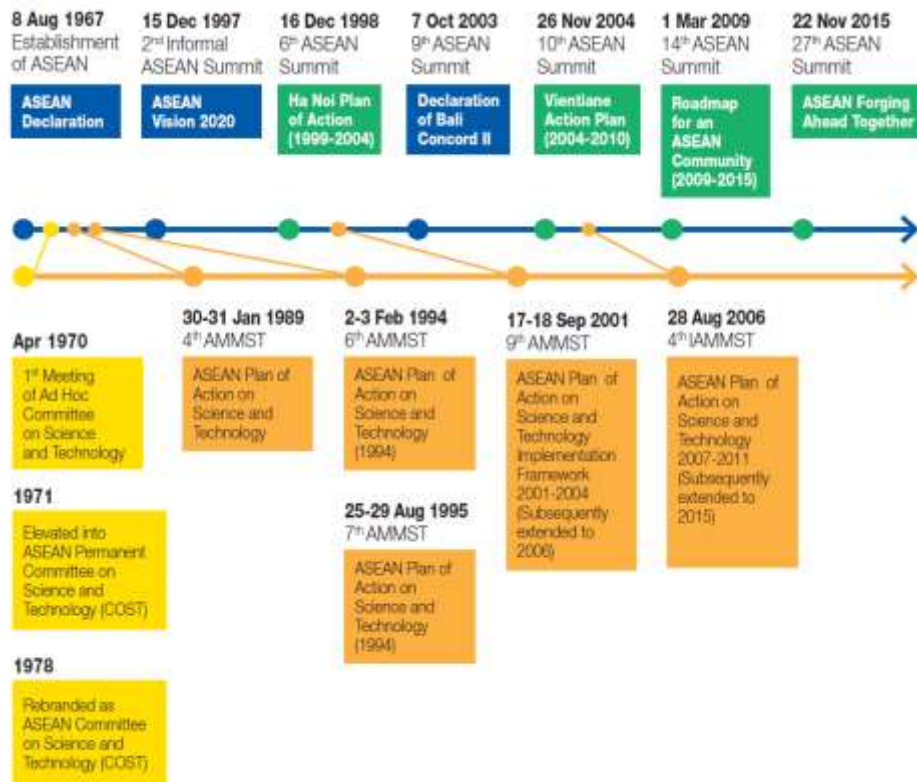
ASEAN Plan on Science and Technology were enacted in 1970, 1971 and 1978. Other plans were approved or updated approved in 1989, 1994, 1995, 2001 and 2006. The transformation from past ASEAN Plan of Action on Science and Technology (APAST) 2007-2015 to ASEAN Plan of Action on Science, Technology and Innovation (APASTI) 2016-2025 will provide strategic direction for the Committee on Science and Technology (COST) in implementing the programmes/activities focusing on public-private collaboration, talent

⁷¹ ASEAN. (2007). *ASEAN Plan of Action on Science and Technology 2007 - 2011*. [online] Available at: <http://www.asean.org/storage/images/8504.pdf>

⁷² ASEAN. (n.d.). *Overview of ASEAN Ministerial Meeting on Science and Technology (AMMST)*. [online] Available at: <http://asean.org/asean-economic-community/asean-ministerial-meeting-on-science-and-technology-ammst/overview>

mobility, people-to-people connectivity and inclusiveness, enterprise support, and public awareness⁷³.

Figure 23: Timeline of events on ASEAN Roadmaps and ASEAN Science and Technology Action



Plans

Source: ASEAN Secretariat

The development of the new ASEAN Plan of Action on Science, Technological and Innovation (APASTI) 2016-2025 is guided by the Krabi Initiative (KI). The KI set the framework on how ASEAN should prepare for the future of science, technology, and innovation (STI) from year 2015 and beyond and has eight thematic tracks, namely:

- i. ASEAN Innovation for Global Market;
- ii. Digital Economy, New Media and Social Networking;
- iii. Green Technology;
- iv. Food Security;
- v. Energy security;
- vi. Water Management;
- vii. Biodiversity for Health and Wealth; and
- viii. Science and Innovation for Life.

⁷³ ASEAN (2017). *ASEAN Plan of Action on Science, Technology and Innovation (APASTI) 2016-2025 – Implementation Plan*. Jakarta: ASEAN Secretariat.

Some steps taken by Member States to promote STI in ASEAN are the following:

ASEAN economies are embracing digital technologies to varying degrees and leveraging them for economic and social advancement. ASEAN also has an opportunity to pioneer the development of new digital services, especially advanced mobile financial services and e-commerce. Reiterating the need to balance 3 dimensions of sustainability and to address the thematic track on “Digital Economy, New Media and Social Networking”, Singapore is taking steps to deepen regional connectivity and position ASEAN to increasingly assume seamless economic activity and growing opportunities.

Comment [Office21]: From S&T Division: It implies that the following work are conducted under ASEAN S&T sector, while in actual, the examples given are work from other ASEAN sectors. This needs to be amended.

Comment [Office22]: From S&T Division: This is carried out under another sector, not under the ASEAN S&T sector.

[To develop core skills for people to be flexible and responsive to rapid changes brought about by new technology, Science, Technology, Engineering, and Mathematics (STEM)- related courses are being introduced in schools in ASEAN. STEM is an approach and a way of thinking for educators to help students integrate knowledge across subjects by incorporating flipped learning and encouraging them to think in a more logical and holistic manner in order to be equipped with 21st century skills.]

Comment [Office23]: From S&T Division: This is carried out under Education sector, not under ASEAN S&T sector.

ASEAN has not made any remarkable progress towards SDGs on climate action⁷⁴. Climate change is a global concern of special relevance to Southeast Asia, a region that is both vulnerable to the effects of climate change and a rapidly increasing emitter of greenhouse gases. According to the ADB 2016 Report, from 1990 to 2010, carbon dioxide (CO₂) emissions in Southeast Asia have grown more rapidly than in any other region of the world⁷⁵. Responding to such critical issues, ASEAN has cooperated in this area. For example, the ASEAN Specialised Meteorology Centre (ASMC), which serves as the platform for climate prediction services, publishes the biannual bulletin “Climate Outlook and Review of Southeast Asia”. The inaugural issue was published in February 2018. The ASEAN Climate Outlook Forum (ASEANCOF) initiated by the ASMC was first conducted in December 2013. Since 2014, ASEANCOF is conducted twice a year, and transited in 2016 to 1 online and 1 physical Forum. During each of the ASEANCOF, the seasonal climate outlook (rainfall and temperature) of ASEAN region is developed based on consensus of experts’ assessments. ASEAN Hydroinformatics Data Center (AHC) focuses on the sharing of good practice and capacity building on the use of information technology (IT), data integration, decentralized information and hydro-informatics for efficient water management, disaster risk reduction and climate change adaptation. In addition to ASEAN’s cooperation, on July 10, 2018, His Excellency Mr. Masagos Zulkifli, the Minister for the Environment and Water Resources of Singapore announced that Singapore would offer a climate action package to ASEAN countries from 2018⁷⁶. This would include training programmes in climate change mitigation and adaptation ranging from climate science to flood management and DRR. This is one of

⁷⁴ Bidarbakht-Nia, A. (2018). *Asia and the Pacific SDG Progress Report 2017*.

⁷⁵ Asian Development Bank (ADB). (2015). *Southeast Asia and the Economics of Global Climate Stabilization*. Mandaluyong City: ADB.

⁷⁶ Permanent Mission of the Republic of Singapore. (2018). *Opening Address by His Excellency Mr. Masagos Zulkifli, Minister for the Environment and Water Resources, at the Special ASEAN Ministerial Meeting on Climate Action (SAMCA)*. [online] Available at: https://www.mfa.gov.sg/content/mfa/overseasmission/asean/press_statements_speeches/2018-01/2018-07/Press_2018-07-100.html

initiatives in support of regional efforts to address climate change. The Centre for Climate Research, Singapore is a key component of such actions and institutions involving the sharing of information and data. The Centre will share climate projection data and findings for the region with other ASEAN countries. It will also support the establishment of the Southeast Asia Disaster Risk Insurance Facility by 2019. Singapore aims to galvanise regional climate action plans and the planned insurance facility will initially focus on the flood risk exposure for Cambodia, Laos and Myanmar. In this case Singapore's leadership with a view to help others clearly depicts South-South Cooperation within ASEAN.]

Comment [Office24]: From S&T Division: There has been a fair number of cooperation done in this area.

The ASEAN Specialised Meteorology Centre (ASMC) serves as the platform for Climate Prediction Services among its other services.

The following are some examples of work done:

(a) The ASMC publish the Biannual Bulletin "Climate Outlook and Review of Southeast Asia". The inaugural issue was published on February 2018.

(b) The ASEAN Climate Outlook Forum (ASEANCOF) initiated by the ASEAN Specialised Meteorological Centre (ASMC) was first conducted in December 2013. Since 2014, ASEANCOF is conducted twice a year, and transited in 2016 to 1 online and 1 physical Forum. During each of the ASEANCOF, the seasonal climate outlook (rainfall and temperature) of ASEAN region is developed based on consensus of experts assessments. The conducted ASEANCOF are as follows:

- 1st ASEAN COF (3-5 Dec 2013, Singapore)
- 2nd ASEAN COF (29 May 2014, Singapore)
- 3rd ASEAN COF (17-18 Nov 2014, Singapore)
- 4th ASEAN COF (21-22 May 2015, Jakarta, Indonesia)
- 5th ASEAN COF (18-19 Nov 2015, Singapore)
- 6th ASEAN COF (31 May, Online Correspondence)
- 7th ASEAN COF (14-18 Nov 2016, Manila, Philippines)
- 8th ASEAN COF (May 2017, Online Correspondence)
- 9th ASEAN Climate Outlook Forum (16-17 November 2017, Ha Noi, Viet Nam)

(c) ASEANCOF Pre-Forum activities on capacity training on performing climate modeling and prediction, and sharing of experience on utilization of the prediction for target climate-sensitive user sectors, namely, disaster risk reduction, water resource management and agriculture are also conducted ...

Chapter 5: RESILIENCE

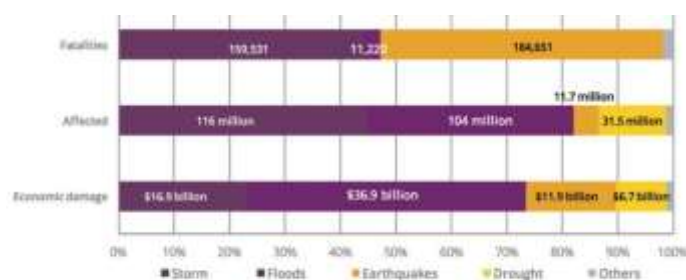
Disasters can wipe out all the development efforts of decades overnight. Less developed countries are more vulnerable.

The ASEAN area is one of the

most natural disaster-prone regions in the world. The region had more than 50 percent of global disaster mortalities during the period of 2004 to 2014 (354,000 of the 700,000 deaths in disasters worldwide) The total economic loss in the same period was USD91

billion. About 191 million people were displaced temporarily and disasters affected an additional 193 million people⁷⁷. However, the number of deaths per million decreased from 9.1 to 1.1 between 1990 and 2016.⁷⁸ Hence, the notion of resiliency is built on the context of mitigation/preparedness and reducing vulnerabilities of social, environmental and economic systems to the negative impacts of risks and hazards.

Figure 24: Disaster impacts in South-east Asia, 2000-2016



Source: ESCAP Disaster Report 2017

In a world of increasing disasters and accelerating environmental, social and economic risks, it is important for countries to reduce vulnerabilities and enhance the resilience of the economy, of communities and people, and of buildings and infrastructure to reduce exposure and mitigate risk. Rising inequality and diminishing social cohesion, volatility of economic development, climate impacts, and the lack of food and water security are pressure points that are converging rapidly and creating a more unpredictable context for policy and planning in the ASEAN region. Resilience building thus aims to build the following 4 capacities of diverse systems, see Box 18.

Box 18: Four key capacities underpinning resilience⁷⁹

- **Adaptive capacity** refers to the ability of social systems (for example households, communities or nations) to adapt to multiple, long-term and future risks, and to adjust after a disaster. It describes a form of governance and decision-making that allows consideration of when conditions are about to change or have changed and to adapt policies and programmes accordingly;
- **Anticipatory capacity** refers to the ability of social systems to anticipate new threats and shocks and to reduce their impact through preparedness and planning;
- **Absorptive capacity** refers to the ability of social systems to absorb and cope with the impacts of disasters, shocks and stresses. It involves disaster and recovery management; and,
- **Transformative capacity** is the ability to make intentional change to systems that create risk, vulnerability and inequality through policy innovation

⁷⁷ ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre). (n.d.). *The AHA Centre Work Plan 2020*. Jakarta: AHA Centre.

⁷⁸ United Nations (2018). *ESCAP Statistical Online Database*. [dataset]. United Nations. Available at:

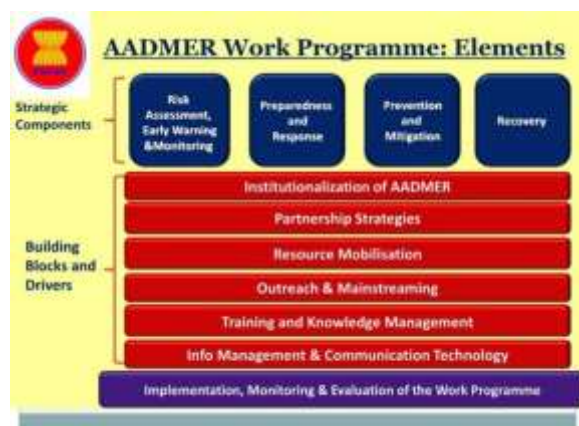
http://dataunescap.org/escap_stat/#home

⁷⁹ United Nations (2017). *Complementarities between the ASEAN Community Vision 2025 and the United Nations 2030 Agenda for Sustainable Development: A Framework for Action*. Bangkok: United Nations.

A. ASEAN Agreement on Disaster Management and Emergency Response (AADMER)

To reduce disaster losses and enhance ASEAN's collective response to disasters, the ASEAN Member States adopted the AADMER. AADMER was signed by the ASEAN Foreign Ministers on 26 July 2005 in Vientiane, Lao PDR, and came into force in 2009.

Figure 25: Elements of AADMER



Source: ASEAN Secretariat

AADMER is a comprehensive agreement, covering the whole spectrum of disaster management from risk identification to assessment and monitoring, prevention and mitigation, preparedness, response and recovery as well as technical cooperation and scientific research (Figure 25). It supports ongoing and planned national initiatives of ASEAN Member States. The agreement also complements national capacities and existing work programmes. It aims to provide effective mechanisms to achieve

substantial reductions in disaster-related loss of life and of social, economic and environmental assets in the AMS; and to jointly respond to disaster emergencies through concerted national efforts and intensified regional and international cooperation. The AADMER 2016-2020 Work Programme differs from the 2010-2015 version in that it has a more pronounced articulation of protecting the gains of ASEAN Community by strengthening the linkages with existing initiatives at all levels, as well as showcasing ASEAN's leadership and experience being guided by the "ASEAN Declaration on One ASEAN, One Response: ASEAN Responding to Disasters as One in the Region and Outside the Region". The AADMER Work Programme 2016-2020 was developed based on extensive programme reviews and learning from the experiences of implementing the previous work programmes.

Building on these lessons, the ASEAN Vision 2025 on Disaster Management proposes, Institutionalisation and Communications; Partnerships and Innovations, and, Finance and Resource Mobilisation, as the three mutually-inclusive strategic elements to guide the direction of its implementation. These three areas are not only strategic areas in dealing with resilience, but also in guiding other sectors. ASEAN should be forward-looking in extending its outreach beyond the Community, including increased cooperation with other regional disaster Centres such as the Asia Disaster Reduction Centre (ADRC) in Kobe, Japan. South-South Cooperation encourages the development of Southern capacities and encourages the sharing of resources and knowledge. Reflecting the gravity of natural disaster occurrences in ASEAN, this is indeed a priority area to which more resources are being channelled. Although individual countries such as Indonesia and Philippines are renown for expertise in

disaster management, ASEAN is increasing roping in the knowledge and expertise and allowing their deployment as public goods.

Under AADMER, ASEAN has established disaster preparedness and emergency response mechanisms and tools, including the Standard Operating Procedure for Regional Standby Arrangements and Coordination of Joint Disaster Relief and Emergency Response Operations (SASOP), ASEAN Regional Disaster Emergency Response Simulation Exercise (ARDEX), the ASEAN Emergency Response and Assessment Team (ERAT), the Disaster Emergency Logistic System for ASEAN (DELSA), and the Joint Operations and Coordination Centre of ASEAN (JOCCA) to ensure the overall preparedness, response, deployment, coordination and supervision of assistance when a disaster occurs within the region.

The primary objective of the ASEAN-ERAT deployment is to support ASEAN Member States affected by disasters in the initial phase of disasters, to conduct rapid assessments, coordinate with local authorities for the deployment of regional disaster management assets and provide logistics support to the affected countries for receiving humanitarian goods and assistance to the disaster affected areas. The ASEAN-ERAT team is composed of ASEAN individuals who have been trained to respond to disaster incidents in the region. The ASEAN-ERAT has been deployed to 23 disasters including to Marawi City and Rakhine State in 2017, the Yangon Dumpsite Fire as well as the recent Lao PDR and Myanmar Floods and Lombok Earthquake in 2018. Prior to the establishment of the AHA Centre, ASEAN ERAT was also deployed to respond to Cyclone Nargis in 2008..

Case Study: AHA Centre

As mandated by the AADMER, the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (the AHA Centre) was established to facilitate cooperation and coordination among ASEAN Member States, and with relevant United Nations and international organisations, in promoting regional collaboration, as elaborated below.

The ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) was established on 17 November 2011, through the signing of the Agreement by ASEAN Foreign Ministers, witnessed by ASEAN Heads of States, during the 19th ASEAN Summit. Within the last 6 years, the AHA Centre

Figure 26: The Way AHA Centre Works



has enacted emergency response mechanisms to a total of 23 disasters in 7 countries across the region, as well as provided preparedness and assessment on four other occasions, such as 2016 Typhoon Melor in Philippines, 2013 Cambodia Floods, 2014 Typhoon Rammasun in Viet Nam, 2016 Typhoon Nok-Ten in Philippines. The AHA Centre reports its progress and activities to the Governing Board of the AHA Centre on a regular basis. The Governing Board of the AHA Centre consists of the National Focal Points of the National Disaster Management Offices (NDMOs) as well as the ASEAN Secretariat. As prescribed in the terms of reference, the AHA Centre currently focuses on disaster monitoring, preparedness and response.

In operationalising its mandate, the AHA Centre primarily works with the National Disaster Management Offices (NDMOs) of the ASEAN Member States. The AHA Centre follows the Standard Operating Procedure for Regional Standby Arrangements and Coordination of Joint Disaster Relief and Emergency Response Operations (SASOP) in managing and sharing information and in facilitating ASEAN's response. The affected Member State may make a request for AHA Centre's assistance, including the deployment of the ASEAN Emergency Response and Assessment Team (ERAT) and ASEAN's relief items managed by the AHA Centre under the Disaster Emergency Logistics System for ASEAN (DELSA). The affected Member State can also request assistance from the other Member States through the AHA Centre. The AHA Centre may make an offer of assistance or facilitate assistance from the other ASEAN Member States to the affected country. Mutually-agreed and standard operating procedures forms are utilised to facilitate the communication process.

The Executive Director of the AHA Centre, Ms. Adelina Kamal, highlighted the multi-stakeholder approach that strengthens South-South Cooperation in the region through the Centre (Box 19).

Box 19: Interview with Ms. Adelina Kamal, Executive Director, the AHA Centre

**Ms. Adelina Kamal, Executive Director,
ASEAN Coordinating Centre for Humanitarian Assistance on disaster
management (AHA Centre)**

"ASEAN has the AHA Centre, as its functioning, trusted and competent agency on disaster management, which is committed and able to translate policy and mandates into concrete actions. AHA Centre in essence has become the symbol of ASEAN in Disaster Management and accentuated ASEAN solidarity.

The operation of the ASEAN-ERAT, which represents simultaneous joint actions of ten ASEAN Member States to emergent crises, is a genuine manifestation of ASEAN collective solidarity and is South-South Cooperation in action.

The multi-stakeholder approach of ASEAN-ERAT further strengthens this South-South partnership in ASEAN. We are delighted with increasing recognition, both inside and outside this region, of AHA Centre's role and contribution in nurturing resilience in ASEAN. Looking ahead, we hope to continue to receive full support from ASEAN Member States and trust that deliberations of AHA Centre will continue to reinforce South-South Cooperation within ASEAN and beyond."



The Disaster Emergency Logistics System for ASEAN (DELSA) is a key mechanism for the swift and scalable provision of relief items to ASEAN Countries facing post-disaster emergency situations. Launched on 7 December 2012, DELSA was established to preposition a regional relief item stockpile and to support capacity enhancements of the AHA Centre and among ASEAN Member States in emergency logistic operations. Among its various aspects, DELSA focuses on three main elements, i.e. regional stockpiles (warehouses in Subang, Malaysia; Quezon City, the Philippines; and Chai Nat, Thailand), institutional capacity building (through its AHA Centre Executive Programme), communications and awareness.

As an example of its role in dealing with disasters, Box 20 highlights key actions taken by ASEAN ERAT to deal with Cyclone Nargis.

The AHA Centre has also established numerous systems and tools to facilitate ASEAN's coordinated and collective response to disasters. These include: Disaster Monitoring and Response System (DRMS) to allow the AHA Centre to monitor the onset of disaster events across the region (addresses the "anticipatory capacity" on preparedness and planning for the region. The Web-based Emergency Operation Centre (WebEOC) is an online hub or information platform to ensure a shared understanding of an evolving disaster situation between the EOC of the AHA Centre and those of the ASEAN Member States. It addresses the "transformative capacity" and the "adaptive capacity" to influence governance, decision-making and policy making in the region. The ASEAN Disaster Information Network (ADInet) relays information and raises awareness of unfolding disaster situations to the public. It addresses the "adaptive capacity" and the "absorptive capacity" in enhancing disaster and recovery management.

Box 20: ASEAN Emergency Rapid Assessment Team for Cyclone Nargis

- Following the recommendation of the ASEAN Emergency Rapid Assessment Team, a week after Cyclone Nargis, an ASEAN-led coordinating mechanism and the ASEAN Humanitarian Task Force for the Victims of Cyclone Nargis (AHTF) was established, chaired by SG of ASEAN;
- AHTF's role was to facilitate effective distribution and utilisation of assistance from the international community and incoming international assistance to support Government of Myanmar's ongoing relief, recovery and reconstruction efforts;
- For the purpose of day-to-day operation, the Tripartite Core Group or TCG was set up. The TCG consisted of three representatives each from the Government of Myanmar, ASEAN and the international humanitarian community led by the UN. TCG provided the lead and technical support for Post-Nargis Joint Assessment, establishment of regional hubs to ensure intensification of relief and early recovery, periodic reviews of humanitarian needs on the ground, social impacts monitoring study, and formulation of the shared recovery plan;
- *Phase-by-phase advancement:* As immediate humanitarian needs were increasingly met and early recovery was underway, the focus gradually shifted towards the medium-term recovery and the reestablishment of safe and sustainable lives and livelihoods;
- Special attention was given to build projects to benefit the community with help from ASEAN states, such as, CBER - Seik Gyi Village, Kungyangon Township, Yangon Division (September – November 2008), Rebuilding Small Farm Livelihoods during the dry Season, Thaleikgyi village, Pyapone Township (December 2008 – March 2009), making the whole response process a success story.

As illustrated in the case of Cyclone Nargis, the AHA Centre and the overall solidarity of the ASEAN region has grown stronger and more unified with each testing disaster that has affected this region. Through such testing times, ASEAN has grown in understanding of the challenges that lie therein. For example, challenges in exchanging knowledge between all stakeholders in a disaster situation or in dealing with overlapping areas of responsibilities with UN agencies and other international teams. Therefore, it is necessary to draw on the trust and the regional experience of ASEAN mechanisms and synergise them with the global institutions and their broader experience as well. In positioning ASEAN as a premier institution in dealing with disasters, ASEAN proposes joint ASEAN-UN pledging conferences for disasters, which will ensure synergy between flash appeals and national recovery plans by 2025⁸⁰.

With respect to funding, the AHA Centre relies on a USD 50,000 annual contribution from each ASEAN Member State. Supplemented by a proportion of the voluntary ASEAN Disaster Management and Emergency Relief Fund, the Centre remains dependent on funding from ASEAN Dialogue Partners and partner organisations as well. Because of this, ASEAN is currently in the process of re-evaluating the existing funding structure and aims to map out a strategy that will transform resource mobilisation. The AHA Centre will look beyond traditional funding sources and fully utilise the multi-stakeholder environment and tap the growing interest of the private sector and other legal sources of funds.

The revised AHA Centre Work Plan 2020 seeks to realise the AHA Centre's vision and mission by strengthening strategic action plans in the priority areas of: (i) preparedness and the response; (ii) capacity building and knowledge management; (iii) partnership, resource mobilisation and communications; and (iv) management and administration.

⁸⁰ ASEAN (2018). *ASEAN Vision 2025 on Disaster Management*. Jakarta: ASEAN Secretariat.

CONCLUSIONS AND RECOMMENDATIONS

South-South Cooperation is expansive. Member States noted in the Nairobi Outcome Document of the UN High-level Conference on South-South Cooperation of 2009, item 12, that, “South-South cooperation takes different and evolving forms, including the sharing of knowledge and experience, technology transfer, financial and monetary cooperation and in-kind contributions”⁸¹. Furthermore, within the context of regional cooperation, they noted (item 7), that, South-South cooperation is, “the creation of regional common markets, customs unions, cooperation in political fields, institutional and regulatory frameworks and inter-state transport and communications networks.” After analysing the institutional setup, strategies, action plans and tools for ASEAN, it is clear that most of the above tools are employed and that South-South Cooperation is inherently a significant tool to achieve regional cooperation and the goals of ASEAN. However, the references to such South-South cooperation are few in the literature reviewed and interviews conducted. In other words, one of the broad outcomes of this study may be to broaden the scope of understanding of South-South Cooperation by decision makers so that South-South actions will be deliberate rather than by default.

ASEAN’s strengths and challenges were analysed and are synthesised in the next sections. The main purpose for this document is to analyse and identify areas that the Region could focus on to strengthen outcomes of their activities. In this case too, ASEAN shows some challenges that have been highlighted in various South-South Forums. These are narrated below.

A. STRENGTHS

Institutionalisation:

ASEAN is a pragmatic collaboration and its actions are firmly rooted on the principles of the sovereignty of countries. This is a core principle of South-South Cooperation – to respect each country regardless of size, economic development status and competitiveness. That also relates to the principle of horizontality in triangular cooperation, where all members come to the table on an equal footing. Through its five-decade journey in regional integration, ASEAN’s accomplishments in achieving political stability, inclusive and sustained growth and poverty reduction are widely recognised and this approach may be a major contributor to this outcome.

While “Institutionalisation” is at the forefront of the debate on SSC, ASEAN provides a concrete example on how strong institution reinforces SSC in practice. Institutional structure of ASEAN has been systemised beyond traditional SSC institutions. The ASEAN Charter and ASEAN Vision 2025 provides underlying institutional frameworks, complimented by

⁸¹ United Nations, General Assembly, *Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation*, A/RES/64/222 (23 February 2010), Available from: http://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/64/222

sectoral plan of actions. Initiatives are endorsed with political commitments by the Leaders and translated into policy and implementation by senior officials and working groups across all pillars and sectoral bodies.

With consensus as the basis for action, ASEAN's approach may be perceived to be rigid as it implies that action only occurs when it is deemed suitable by all members and that if such consensus is not achieved, no action will take place. As membership grew from its original 5 members to the current 10, forging agreements could presumably get more challenging than before. However, with the inclusion of agreements, sub-regional cooperation and networks, there is a lot of flexibility in the implementation of South-South Cooperation in ASEAN. Indeed, South-South cooperation then tends to take different forms as noted in the Nairobi Outcome Document.

South-South Cooperation has led an expansion of institutions for the implementation of development goals. Apart from formally established institutions, the ASEAN enabling environment has yielded positive externalities for further SSC. There is a clear trend of ASEAN Member States establishing institutions/centres of excellence, to share knowledge, based on their core competencies. For example, Myanmar has established the ASEAN Institute for Green Economy (AIGE). Singapore has taken leadership through Centre of Climate Actions Research in Singapore and supported establishment of a South-East Asia Disaster Risk Insurance Facility by 2019. Thailand has proposed to establish an ASEAN Centre for Sustainable Development Studies and Dialogue during its upcoming chairmanship.

The institutions created in ASEAN by Member States or Groups of Member States reflect enhanced collaboration through South-South cooperation. Furthermore, the support provided to them by developed countries, the United Nations and other partners are clearly what the international community has called for. Almost every area of action is led by institutions such as the AHA Centre, AUN, Mekong Institute, and at national level such as NEDA, Singapore's Green Cities Centre and Malaysia-supported International Science, Technology and Innovation Centre for South-South Cooperation under the Auspices of UNESCO (ISTIC). These Centres have demonstrated strong understanding of the region, the aspirations of their leaders and therefore developed relevant and pertinent responses to challenges.

Multi-stakeholder Participation:

Since the Nairobi Outcome document of 2009, Member States have called for a multi-stakeholder approach to development issues in South-South cooperation. In ASEAN, mechanisms for cooperation include policy leadership from the public sector, implementation by inter-governmental institutions, national level implementation and increasingly the harnessing of the private sector; all this usually supported by multilateral institutions and the UN. This has enabled the application of skills from a diverse skill set towards the development success realised in ASEAN.

In resonance with SSC, ASEAN cooperation was chiefly institutionalised and driven by state actors. It has been increasingly complemented and strengthened by non-state actors, from the private sector, NGOs, civil society organisations, academia and youths. ASEAN clearly embraces and commits to this multi-stakeholder approach. Engagements with Entities associated with ASEAN are clearly enshrined in the article 16 and annex 2 of the ASEAN Charter. The effort in the case of MPAC 2025 towards striking public-private-partnership is another example. An enabling environment and solidarity within ASEAN have catalytic effect in driving the momentum of inclusive partnership across all sectors. The ASEAN Foundation from the case study is an example.

CHALLENGES

Institutionalisation:

Emergence of the sustainable development thinking has shifted the paradigm from sectoral to integrated development, in other words, removal of the silo effect. While institutions at the regional level are strong, a more integrated approach, with greater linkages among institutions and initiatives could be facilitated.

Monitoring, evaluation and impact assessment remain some of the areas that need to be addressed in South-South Cooperation. Some projects under the IAI Work Plans I and II are said to have shown these challenges. Work Plan III has a more rigorous M&E provision. The challenge is to extend the rigor in monitoring and evaluation to most of the ASEAN activities.

Financing:

Despite the multiplicity of resources applied to implement ASEAN programmes, keep institutions running and make investments, a lion's share of resources still comes from the development partners from the North. China, India, Japan and Republic of Korea have increasingly taken a larger role in supporting ASEAN within the last decade. Although the main refrain of South-South Cooperation is that "South-South Cooperation is a complement and not a substitute for North-South Cooperation," it would seem that ASEAN should show a trend towards more self-financing of its programmes with external assistance plugged in to complement its own resources.

Gender Dimensions:

While reviewing the draft Strategic Framework for the UN Office for South-South Cooperation (2018-2021) for approval, a priority area highlighted was to promote gender equality and women's empowerment so as to achieve the 2030 Agenda through enhanced South-South Cooperation. While the ASEAN vision on gender is in place, implementation is not without its challenges. Delivery of gender-focused cooperation in ASEAN seems more

tangible in the economic front e.g. in MSME. Nevertheless, gaps prevail in terms of other sectors/pillars and scaling up of gender aspects.

Data availability:

Data collection, coordination and dissemination have continuously been identified as one of the key challenges in the context of South-South Cooperation. The Nairobi Document calls for “all actors to support initiatives for information and data collection, coordination and dissemination and evaluation of South-South cooperation.” In Asia and Pacific, data and information-sharing on South-South cooperation still lack at national and regional levels. For ASEAN, while significant work on data collection has been done and is ongoing under the ASEAN Community Statistical System, ASEAN still faces some challenges in collection, coordination and dissemination of data.

B. RECOMMENDATIONS

1. At the regional and sub-regional levels, ASEAN and its Member States needs to continue strengthening its monitoring and evaluation (M&E) efforts to better track progress and outcomes and assess the impact, to ensure timely achievement of progress, to identify any implementation challenges and to assess whether the intended results have been achieved. Robust Monitoring and evaluation systems would need to be supported by effective data collection and analysis, as well as other tools to better assess progress. This calls for continued strengthening of the ASEAN Community Statistical System as well as M&E mechanisms of the ASEAN Community pillars and sectors/areas of work. The establishment of Analysis and Monitoring Divisions/Directorate for all three pillars of the ASEAN Community at the ASEAN Secretariat is a welcomed first steps with adequate mandate, resources, and independence in their work. In addition, enhancement of stakeholder feedback and engagement could further strengthen the M&E process by taking into consideration the direct feedback from the intended beneficiaries from the business sector and beyond. **Compilation of sufficient and correct data required is critical to effective monitoring and evaluation. Drawing from its successes in SSC, ASEAN could take leadership in addressing existing knowledge data and knowledge gaps. A knowledge/information platform that compiles demand and supply of providers and users, hosted and maintained by an ASEAN Member State or the Secretariat could boost ASEAN’s centrality in the development cooperation architecture in this region.**
2. ASEAN Member States could consider increasing resources to key institutions so that they develop long-term and ASEAN rooted approaches. ASEAN should start to address the issue of resource sustainability in the long run. Options include to expand the scope of the existing funding or to establish central funds which ASEAN Member States contribute to on regular basis. Increased public-private partnership and innovative methods of resource mobilisation from the private sector and philanthropist organisations could compliment this process.

Comment [Office25]: From AIMD: pls draw on my comments in the executive summary section to reflect it here.

3. The “Initiative for ASEAN Integration (IAI)” has led to narrowing over time, of development gaps. However in poverty reduction, demand for human resources development and inequality still prevail and need critical attention from national policy makers. A concerted effort may be required to indeed “leave no one behind” through deliberate accelerated action focusing on nationalising and localising ASEAN initiatives as well as enhanced knowledge-sharing and capacity-building under South-South Cooperation initiatives.
4. The ASEAN Smart Cities Network (ASCN) platform offers a concrete platform for ASEAN community-building effort by tapping into technological and digital solutions to address issues faced by ASEAN cities. By focusing at the implementation level, the Network provides an avenue to accelerate the realisation of benefits of information and best practices sharing as well as the implementation of specific priority projects identified by the direct beneficiaries. To contribute to a more holistic perspective of smart and sustainable cities, ASEAN could consider incorporating ‘sustainability’ and ‘cultural links’ dimensions to the ASCN. ASEAN-ness, in other words, the unity and common identity embedded among ASEAN Member States, has significantly driven most of ASEAN deliverables. Therefore, these two value-added components will be instrumental towards realising an inclusive, people-centred ASCN and the Community that leaves no one behind.
5. ASEAN has been very successful. It could therefore be more outward-looking in expanding its footprint and sharing its experiences and indeed helping other regional institutions that need to share development experiences. Envisioned as a regional support facility, the ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDDSD) to be created in Thailand under the Complementarities Initiative could play a major role to catalyse research and sharing of knowledge as well as promote dialogue within ASEAN and with external partners of ASEAN. To this end, the ACSDDSD should complement the work of existing Centres such as the ASEAN Institute for Green Economy in Myanmar and the Sustainable Development Solutions Network in Indonesia, Malaysia and the Philippines, and develop networks of cooperation to this end.
6. The success stories of the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) could provide invaluable insights for other regional organisations with similar needs to bolster resilience. With capacity-building as one of its core competences, the AHA Centre can showcase and share its Southern solution in Disaster Management beyond ASEAN. At the same time, ASEAN should help strengthen the AHA Centre by enhancing greater coordination between the National Disaster Management Offices (NDMOs) of ASEAN and the AHA Centre. In addition, greater cooperation with other centres in the Asia-Pacific region, especially the Asian Disaster Reduction Centre (ADRC) in Kobe, Japan will boost AHA Centre’s capacity to respond to the more complex and simultaneously occurring disasters in the region.

7. ASEAN should excel its gender mainstreaming in development cooperation, targeting its strength and capability in bridging coherence among global frameworks. Complementarities between ASEAN Vision 2025 and the 2030 Agenda already provide a strong base. Disaster management can be one possible area where ASEAN could mainstream gender under the Sendai Framework for Disaster Risk Reduction 2015-2030.
8. As one of the most successful regional organisations, ASEAN could do more to “bring ASEAN to the world, and bring the world to ASEAN”. This is in conjunction with its aspiration to leverage ASEAN centrality in the regional architecture that goes beyond the Southeast Asian sphere. Drawing from the positive prospects of the MPAC 2025, ASEAN should further “connect its Connectivity” with other similar regional frameworks in Asia, including the Belt and Road Initiative (BRI) of China, Quality Infrastructure of Japan and Act East of India. This will add immense value to its implementation of the MPAC and heighten ASEAN’s level playing field as the central gateway to Asia. In addition, ASEAN engagement in the Second High-level United Nations Conference on South-South Cooperation (BAPA+40 Conference) to be held in Buenos Aires, Argentina, from 20 to 22 March 2019 will be a significant global platform to draw on ASEAN best practices and leadership in SSC. ASEAN is encouraged to participate in the BAPA+40 to share its experiences in SSC.

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ANNEXES

ANNEX 1: Guiding principles of South-South Cooperation⁸²

The Nairobi outcome document identifies the following policy and operational principles of South-South and triangular cooperation:

(a) Normative principles

- Respect for national sovereignty and ownership
- Partnership among equals
- Non-conditionality
- Non-interference in domestic affairs
- Mutual benefit

(b) Operational principles

- Mutual accountability and transparency
- Development effectiveness
- Coordination of evidence- and results-based initiatives
- Multi-stakeholder approach.

In line with the principles of national sovereignty and ownership, developing countries themselves initiate, organise and manage South-South cooperation activities. Financing and programme inputs are likewise the primary responsibility of developing countries. Developed countries and the organisations of the United Nations development system play promotional and catalytic roles, and do not take the lead in executing South-South operational activities, which remains solely the domain of developing countries themselves.

⁸² United Nations, General Assembly, *Framework of operational guidelines on United Nations support to South-South and triangular cooperation*, SSC/17/3 (12 April 2012), Available from <http://undocs.org/en/SSC/17/3>

ANNEX 2: Highlights of ASEAN Connectivity projects, objectives and achievements⁸³

Projects	Objectives	Achievements
The ASEAN Highway Network	To intensify cooperation in the facilitation of international road traffic throughout the ASEAN region	Reduced the total length of roads below Class III from 5,311 km in 2010 to 2,454 km in 2015
Singapore Kunming Rail Link (SKRL)	A flagship project to link 7 ASEAN Member States and China.	Strategies to complete the missing links ongoing
ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025	To enhance the energy connectivity in the region which includes 7 programmes, e.g.: APG and TAGP	As of May 2017, ASEAN has achieved grid interconnection of 5,212 MW from only 3,489 MW in 2015 in the entire region
ASEAN RO-RO (Roll-On-Roll-Off) Network	Improve connectivity in sea channels	Helped to reduce shipping time by over 50 percent
ASEAN Broadband Corridor	To promote greater broadband penetration, affordability and universal access in ASEAN	Empowering tool with a positive effect on education, tourism and help facilitate innovation and catalyse ICT growth. Attracted private sector to business
ASEAN Single Window (ASW)	Connects and integrates National Single Window (NSW) of ASEAN Member States	Indonesia, Malaysia, Singapore, Thailand, and Viet Nam are now using the ASW to exchange electronic certificates of origin.
ASEAN Framework Agreement on Facilitation of Inter-State Transport (AFAFIST)	Boost trade across region	Implementation framework of ASEAN Single Shipping Market developed Agreements, protocols of ASEAN Open Skies Policy concluded
ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT)	Harmonise transport and customs procedures for goods in transit and inter-state transport of goods	Successful efforts to operationalise ASEAN transport facilitation agreements
ASEAN University Network (AUN)	Strengthening the network and promoting higher education in the region	Number of member universities grew from 11 to 30 and quality gap narrowed.
Mutual Recognition	Govern eight occupations in facilitating	Harmonisation of national

⁸³ ASEAN Secretariat.

Arrangements (MRAs)	people mobility for ASEAN nationals	standards with international standards in AMS
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ANNEX 3: Examples of barriers in selected projects

Barriers	Challenges	Examples of projects	Some examples of where the barriers are
Financial barriers	Return in investment	Singapore Kunming Rail Link (SKRL); RoRo	<ul style="list-style-type: none"> ✓ Lack of sufficiently attractive return on investment ✓ Unacceptable risks deter engagement of PPP ✓ Whether the new project can deliver a more cost-effective solution than existing alternatives ✓ Encounter challenges due to constraints in accessing capital from alternative sources
	Fiscal capacity	ASEAN Highway Network (AHN)	
	Capital availability	ASEAN Highway Network; SKRL	
Decision-making barriers	Priority Issues	AHN; SKRL; Virtual Learning Centre (VLC); ICT skill standards	<ul style="list-style-type: none"> ✓ A major concern in terms of long-term investments versus other immediate priorities ✓ Concerns around inter-agency coordination and delegation of authority ✓ When stakeholder do not have sufficient information about the true nature of the benefits and costs of an opportunity ✓ Misalignment of incentives between stakeholders
	Agency Issues	SKRL; Melaka-Pekanbaru Power Interconnection (MPPI); Mutual Recognition Arrangements; National Single Windows; Investment Restrictions	
	Information issues	Standards harmonisation; Visa requirements	
Implementation barriers	Capacity	ASEAN Broadband Corridor (ABC); Mutual Recognition Arrangements	<ul style="list-style-type: none"> ✓ Investors estimating higher project cost and risk premiums where there is a lack of available, accessible and accurate information ✓ Coordination issues in terms of harmonisation and alignment of project approaches with inter-dependent initiatives are a challenge ✓ Capacity gaps in the planning and implementation stages ✓ A lack of regulatory structures to
	Coordination	ASEAN Community building programme;	

	Regulatory structures	SKRL; MPPI	ABC;	support implementation
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ANNEX 4:

10 trends that have important implications for the ASEAN Connectivity Agenda

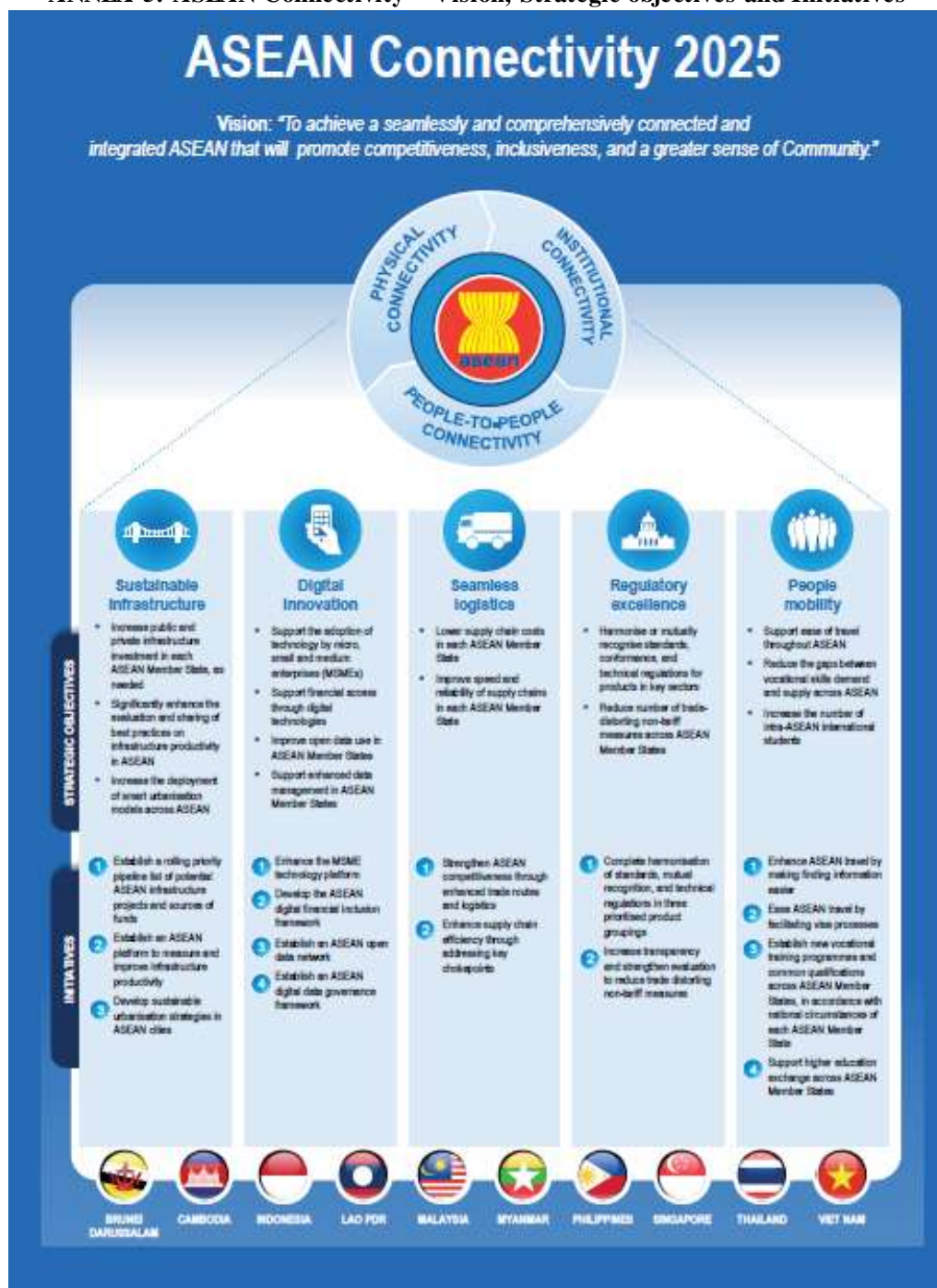
The 10 trends have important implications for the ASEAN Connectivity agenda

Relevance

Large
Medium
Limited

Trend	Relevance for ASEAN Connectivity dimensions		
	Physical	Institutional	People-to-people
1 Consuming class		Intra-ASEAN trade	Intra-ASEAN tourism
2 Productivity & competitiveness	Need to reduce logistics costs	Improve border management & trade facilitation; attract FDI	Skills development to move up value chain
3 Rise of the middleweights	Infrastructure spend to connect middleweights; focus on "sustainable" city development	Intra-ASEAN trade boost to middleweight cities	New skills needed as people move from agricultural jobs to urban jobs
4 Infrastructure opportunity	\$3.3 trillion of infrastructure needed to 2030		
5 Transformation of global flows		Coordination with other cooperation frameworks (e.g., APEC, GIH, GMS)	
6 The skills challenge			Focus on skills development and labour mobility
7 Deploying disruptive technologies	Development of digital infrastructure	Regulatory frameworks to support digital technologies	Retraining of workers
8 The resource revolution	Development of APG; renewable energy infrastructure	Sharing of expertise on resource efficiency	
9 The patchwork global economy		Ability to attract FDI; G-2-G interest in connectivity agenda	
10 Geostrategic concerns	Alignment of infrastructure with national priorities		Need for MPAC 2025 to be seen as relevant to ASEAN population

ANNEX 5: ASEAN Connectivity – Vision, Strategic objectives and Initiatives



ANNEX 6: Alignment of relevant work plan with Community Blueprint

Enabling Actions	Relevant work plan	Alignment with Community Blueprint	Complementarities
Food and Agriculture	<ul style="list-style-type: none"> ✓ ASEAN Integrated Food Security Framework and Strategic Plan of Action on Food Security 2015-2020 ✓ Vision and Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry (2016-2025) 	<ul style="list-style-type: none"> ✓ AEC B.8. Sustainable Economic Development ✓ AEC C.5. Food, Agriculture and Forestry ✓ ASCC II.D.5.i 	<ul style="list-style-type: none"> ✓ Poverty eradication ✓ Sustainable use of resources
Trade Facilitation	<ul style="list-style-type: none"> ✓ AEC Strategic Action Plan for Trade in Goods ✓ ASEAN Standards and Conformance Strategic Plan 2016-2025 ✓ ASEAN Broad Direction for Customs Activities 2016-2025 	<ul style="list-style-type: none"> ✓ AEC A.1. Trade in Goods 	<ul style="list-style-type: none"> ✓ Infrastructure and connectivity
MSME	<ul style="list-style-type: none"> ✓ ASEAN Strategic Action Plan for SME Development 2016-2025 	<ul style="list-style-type: none"> ✓ AEC A.4. Financial Integration, Financial Inclusion, and Financial Stability ✓ AEC D.1. Strengthening the Role of Micro, Small, and Medium Enterprises ✓ AEC.B.6. Good Governance ✓ AEC D.4. Narrowing the Development Gap 	<ul style="list-style-type: none"> ✓ Sustainable consumption and Production
Education	<ul style="list-style-type: none"> ✓ The ASEAN Work Plan on Education 2016-2020 	<ul style="list-style-type: none"> ✓ ASCC B.2. ✓ ASCC A.2. 	<ul style="list-style-type: none"> ✓ Overall achievements
Health and Well-Being	<ul style="list-style-type: none"> ✓ ASEAN Post-2015 Health Development Agenda 	<ul style="list-style-type: none"> ✓ ASCC B.2. 	<ul style="list-style-type: none"> ✓ Resilience building

ANNEX 7: Favourable measures introduced by Member States to investment⁸⁴

The ASEAN Investment Report 2015 highlights that AMS are also involved with other investment-related agreements at the bilateral, plurilateral and regional levels. Some of the measures introduced or announced in 2014-2015 are laid down:

- ✚ Indonesia enacted Presidential Regulation Number 39 Year 2014 to list businesses that are closed or conditionally open to provide clear and transparent investment policies
- ✚ Myanmar Investment Commission issued notification in August 2014 on relevant issues of economic activities and investment businesses that will be granted exemption and tax relief
- ✚ The Philippines issued the 10th Foreign Investment Negative list on 29 May 2015 to reflect the changes in its list A to provide clarity in which professional practices are open to foreigners, subject to reciprocity.
- ✚ Singapore amended the Companies Act of 1967 in October 2014 to reduce the regulatory burden on companies and provide greater business flexibility
- ✚ Thailand BOI made Announcement No, 2/2557 on December 2014, promoting more high-value industries and eco-friendly production in the country.
- ✚ Viet Nam amended its Investment Law and Enterprise Law to guarantee freedom of doing business except for clearly defined prohibitions
- ✚ Cambodia with its “Industrial Development Policy 2015-2025” targeted economic areas such as electricity, the transport and logistics system, labour development and SEZ
- ✚ Malaysia launched its 11th Malaysia Plan on 21 May 2015 to chart its latest direction to become a high-income nation by 2020
- ✚ Myanmar’s National Comprehensive Development Plan, which consists of 4 detailed five-year plans from 2011 to 2030, are ongoing
- ✚ The 2011-2016 Philippines’ Development Plan focused on 6 priority areas for industrialisation
- ✚ Thailand’s “Seven-Year Investment Strategy” (2015-2021) was approved in November 2015 and focuses on promoting investments that create value and have positive impact on the society and the environment

⁸⁴ ASEAN Investment Report 2015: Infrastructure Investment and Connectivity

ANNEX 8: Relevant information on SEZ from ASEAN Member States⁸⁵

- ✓ In Cambodia, the legal framework for SEZs was established in 2005. In 2017, 34 approved SEZs, of which 14 were operational as of September 2015. These zones account for less than 1 per cent of total employment and 3.7 per cent of total secondary industry employment. Most are located along the borders with Thailand and Viet Nam.
- ✓ SEZs are well developed in Indonesia and employ about 2.5 per cent of the workforce. Batam Free Trade Zone attracted over 150 major international maritime companies and is becoming an electronics manufacturing hub.
- ✓ In Lao PDR, ten zones have been created, and two seem to be fully operational. These incipient zone developments have the potential to attract investors from a broader range of economic sectors, thereby contributing to the diversification of the economy, currently strongly driven by natural resource development.
- ✓ Penang from Malaysia is hosting one of Malaysia's most developed technology clusters in the manufacturing of semiconductor-based electronic components. They increasingly adapt their SEZ strategy to a more elaborate and comprehensive strategy of cluster development, providing a less trade-distorting framework for the support of strategic sector, as well as link to industrial and enterprise policies.
- ✓ Myanmar's first SEZ, the Thilawa Special Economic Zone, began operation in late 2015. As in other AMS, the SEZs in Myanmar could be used as effective pilot schemes for testing new approaches to boost the investment climate and promoting linkages.
- ✓ The Philippines hosts well over 300 economic zones administered by the 18 different investment promotion agencies which have contributed significantly both to FDI inflows and to exports. The Philippines Economic Zone Authority (PEZA) alone owns three ecozones and administers the incentives for over 300 privately-managed zones. These zones have helped to start diversifying the industrial base away from garments towards electronics and electrical products, as well as household furnishings and car parts. Employ 1.25 per cent of the workforce.
- ✓ The SEZ policy was first launched in Thailand in 2015 in 10 areas to connect with the neighbouring countries in terms of trade, economy and investment. In 2015, total investment in SEZ was 280.1 million baht before it jumped to 8.31 billion baht in 2016. In 2017, the value of Thailand's border trade with Cambodia, Laos, Myanmar, and Malaysia, combined with goods re-exported to Viet Nam, totalled 1.3 trillion Baht. Employ 1.1 per cent of the workforce
- ✓ In Viet Nam, SEZs play a key role in the government's FDI attraction strategy. There are currently 295 industrial parks, 3 technology parks and 15 economic zones, which concentrate over 50 per cent of total FDI and 80 per cent of manufacturing FDI, and contribute to 40 per cent of GDP and 45 per cent of export value. They employ approximately 2.5 per cent of the workforce, which is rather high compared to the region. SEZs are under the responsibility of provinces, with the central government only having a coordinating role.
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⁸⁵ ASEAN Guidelines for Special Economic Zones (SEZs) Development and Collaboration: <http://asean.org/storage/2016/08/ASEAN-Guidelines-on-SEZ-Development.pdf>

ANNEX 9: 30 AUN Member Universities



ANNEX 10: List of AUN Thematic Networks

Name of the Organisation	Host Country	Specialisation Area
AUN Quality Assurance (AUN-QA)	Thailand	Established as the ASEAN quality assurance network in higher education for the benefit of the ASEAN community.
AUN ASEAN Credit Transfer System (ACTS)	Indonesia	A student-centred system applied to student mobility among AUN (ASEAN University Network) Member Universities.
AUN for Business and Economics Network (AUN-BE)	Indonesia	To facilitate collaboration among ASEAN universities so as to strengthen education, research, and industry relevance in business and economics
AUN Southeast Asia-Engineering Education Development Network (AUN/SEED-Net)	Thailand	To promote human resources development in engineering in ASEAN and to promote collaboration and solidarity between academics and professionals
Libraries of ASEAN University Network (AUNILO)	Malaysia	To enhance information networking among member universities through the sharing of digital academic resources
AUN Intellectual Property Network (AUN-IP)	Thailand	To establish an understanding of the public about the benefit of intellectual property at an early stage
AUN Human Rights Education Network (AUN-HRE)	Thailand	Strengthen the network of experts and scholars in the area of human rights studies
AUN University Social Responsibility and Sustainability (AUN USR&S)	Malaysia	To build the network of USR practitioners and consolidate the currently existing social responsibility in universities in ASEAN region
AUN Health Promotion Network (AUN-HPN)	Thailand	To enhance the roles of universities in the context of health promotion within the society and community
AUN AEC Thematic Network (AUN-AEC)	Malaysia	To strengthen research collaborations between ASEAN universities and industry on issues pertinent to the AEC and the deepening of economic integration within ASEAN
AUN Disability and Public Policy Network (AUN-DPPnet)	Malaysia	To build a cadre of disability policy leaders who will contribute to the vision of an ASEAN region that is inclusive, barrier-free and rights-based.
AUN Student Affairs Network (AUN-SAN)	Malaysia	A platform to empower, develop student leadership, as well as enhance related student affairs and governance through Student Affairs body of AUN Member Universities

AUN Sustainable City and Urban Development Network (AUN-SCUD)	Indonesia	Sub-thematic network in Sustainable City and Urban Development studies.
ASEAN University Network on Culture and the Arts (AUN-CA)	The Philippines	To serve as a collaborative platform among art practitioners from universities to promote the art learning sessions, research collaboration, collaborative productions and policy development

