



**TOWARDS
ASEAN ECONOMIC COMMUNITY 2025:
MONITORING ASEAN ECONOMIC INTEGRATION**



**one vision
one identity
one community**



Towards ASEAN Economic Community 2025:
Monitoring ASEAN Economic Integration

The ASEAN Secretariat
Jakarta

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

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Acronyms

ACSS	: ASEAN Community Statistical System
AEC	: ASEAN Economic Community
AECC	: ASEAN Economic Community Council
AEM	: ASEAN Economic Ministers
AIMD	: ASEAN Integration Monitoring Directorate
ASEAN	: Association of Southeast Asian Nations
ASEC	: ASEAN Secretariat
CSAP	: Consolidated Sectoral Action Plans
KPIs	: Key Performance Indicators
M&E	: Monitoring and Evaluation
SWP	: Sectoral Work Plans



Introduction

The ASEAN Leaders at their Summit in Kuala Lumpur in December 1997 decided to transform ASEAN into a stable, prosperous, and highly competitive region with equitable economic development, and reduced poverty and socio-economic disparities (ASEAN Vision 2020). At the Bali Summit in October 2003, ASEAN Leaders declared that the ASEAN Economic Community (AEC) is the goal of regional economic integration (Bali Concord II) by 2020. At the 12th ASEAN Summit in January 2007 in Cebu City, Philippines, the Leaders affirmed their strong commitment to accelerate the establishment of an ASEAN Community by 2015 as envisioned in the ASEAN Vision 2020 and the Declaration of ASEAN Concord II (Bali Concord II), and signed the Cebu Declaration on the 'Acceleration of the Establishment of an ASEAN Community by 2015'. In particular, the Leaders agreed to hasten the establishment of the AEC by 2015 and to transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital.

Following the formal establishment of the AEC on 31 December 2015, ASEAN has embarked on its next phase of economic integration agenda through the implementation of the AEC Blueprint 2025, which was adopted by the ASEAN Leaders at the 27th ASEAN Summit in November 2015. The new Blueprint succeeds the AEC Blueprint (2008-2015) and provides broad directions through strategic measures for the AEC for the next decade (2016 to 2025).

The AEC Blueprint 2025 envisions an AEC by 2025 that is highly integrated and cohesive; competitive, innovative and dynamic; with enhanced connectivity and sectoral cooperation; and a more resilient, inclusive, and people-oriented, people-centred community, integrated with the global economy.

The achievement of such a vision requires effective monitoring of progress and outcomes, hence the development of an “enhanced monitoring framework” is stipulated in the AEC Blueprint 2025, through the use of appropriate approaches and robust methodology, the monitoring of impact and outcomes, and the support of the ASEAN Community Statistical System (ACSS).

The AEC 2025 Monitoring and Evaluation (M&E) Framework ensures the timely and effective implementation of the AEC Blueprint 2025. By also including outcomes monitoring and impact evaluation, the AEC 2025 M&E Framework “enhances” the previous monitoring system i.e. the AEC 2015 Scorecard, which was limited to compliance monitoring and involved a simple binary (i.e., yes or no) checklist of implementation of measures by the ASEAN Member States.



The AEC 2025 M&E Framework

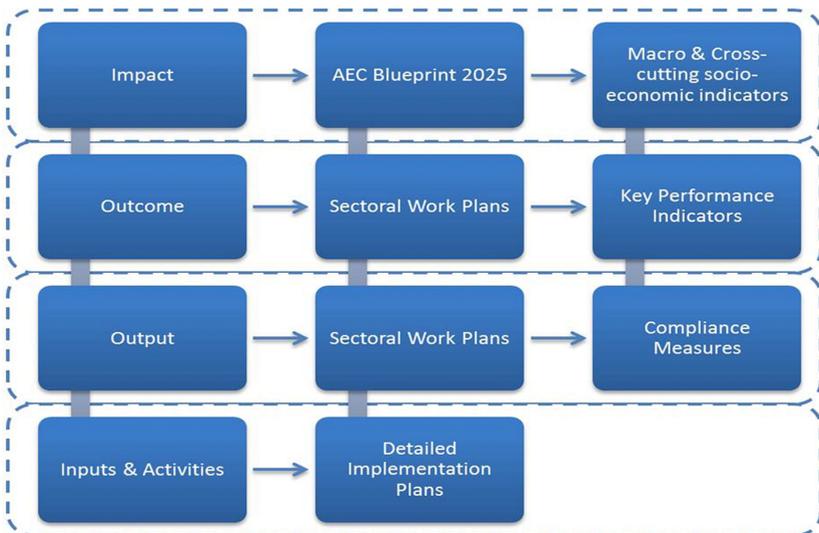
An M&E Framework for regional economic communities defines the relationships among inputs and activities, outputs, outcomes, and impacts. It helps the development of sound M&E plans and the implementation of M&E activities to assist in understanding and analysing the progress and dynamics of regional economic integration.

The development of an enhanced AEC mechanism for integration monitoring aims for cost-effective, user and operator-friendly, and timely assessments. This mechanism will enable ASEAN stakeholders to clearly understand and enunciate the progress towards the achievement or delivery of key outputs that are aligned with the strategic measures in the AEC Blueprint 2025 and its respective sectoral work plans.

The ASEAN Economic Ministers (AEM) endorsed the AEC 2025 M&E Framework at the 48th AEM Meeting in August 2016 and intersessionally by the AEC Council in September 2016.

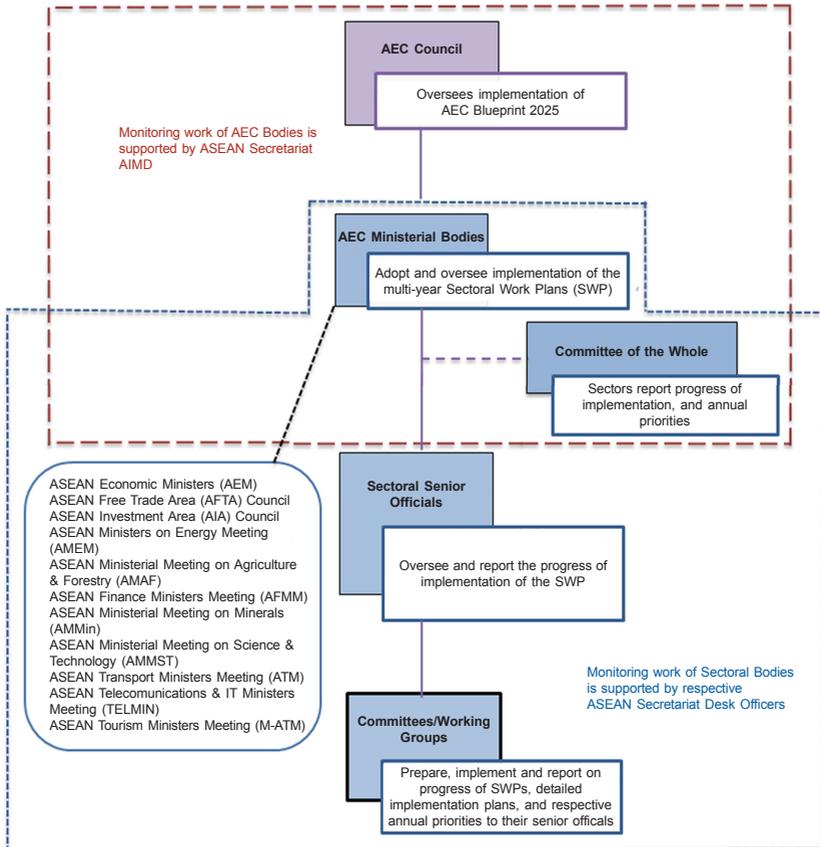
This AEC 2025 M&E Framework serves as a key reference for institutionalising and implementing monitoring and evaluation mechanisms in the AEC. It also serves as a reference for AEC sectoral bodies in developing and operating the M&E mechanisms and its respective sectoral work plans (SWP).

The AEC 2025 M&E Framework is summarised below:



The overall monitoring of (i) implementation of strategic measures and (ii) outcomes and impact of the AEC Blueprint 2025 will be conducted primarily by the ASEAN Secretariat (ASEC), specifically the ASEAN Integration Monitoring Directorate, to support the AEC Council, which is the primary body responsible for monitoring and ensuring compliance of the AEC Blueprint 2025.

The figure below presents a stylised overview of the roles of AEC bodies and sectoral bodies in monitoring the implementation of AEC Blueprint 2025 at the aggregate level and the sectoral work plans (SWP) at the sectoral level, and of ASEC.



What is Compliance Monitoring?

Compliance Monitoring measures implementation progress towards the achievement or delivery of key outputs that are aligned with the strategic measures in the AEC Blueprint 2025 and relevant AEC SWP.

M&E tools

- Consolidated Sectoral Action Plan
- Annual Priorities
- (both drawn from the Sectoral Work Plans)

Frequency of Reporting

- regularly to the AEC Council and other AEC bodies, as deemed necessary

Sources

- AEC bodies (primary)

While the “enhancement” of the M&E Framework for the AEC Blueprint 2025, compared to that of the AEC Blueprint 2015 is largely attributed to the inclusion of outcomes monitoring and impact assessment, “regular monitoring and reporting of implementation progress” i.e. compliance monitoring of the AEC Blueprint 2025 itself would likewise be enhanced using SWP as the main reference.

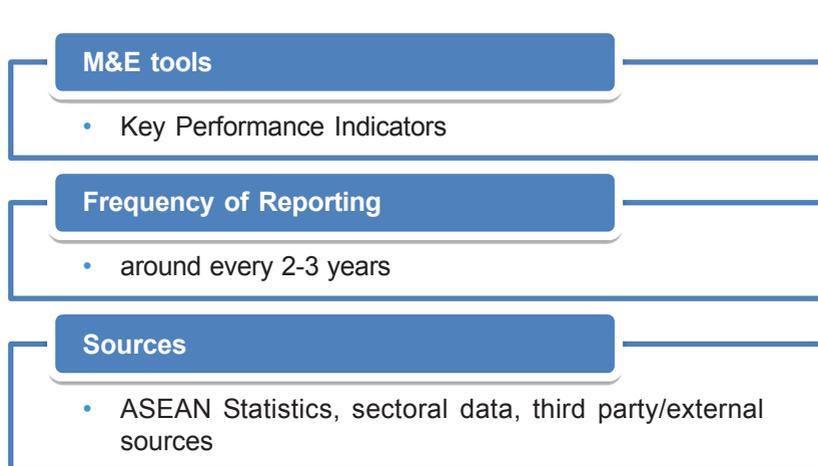
The AEC 2025 Consolidated Strategic Action Plan (CSAP), comprises key action lines from all relevant SWP which correspond to the characteristics and elements in the AEC Blueprint 2025, serves as a single reference document for the public on how ASEAN economic integration will be pursued from 2016 to 2025. The key action lines

in the CSAP correspond to the characteristics and elements in the AEC Blueprint 2025. The AEC 2025 CSAP will be reviewed periodically to account for developments in each sector, including through the annual prioritisation process by the sectoral bodies.

The annual prioritisation exercise of the AEC 2025 measures, provides the opportunity for sectoral bodies to regularly review and update their measures for yearly implementation, ensuring their relevance. The primary purpose of the annual prioritisation process is to facilitate the setting of intermediary milestones and assessment of progress in support of timely implementation of scheduled measures.

What is Outcomes Monitoring?

Outcomes monitoring refers to periodic assessment of measures or approximation of changes in sectoral or broad economic indicators as benefits that have resulted from the implementation of the AEC Blueprint 2025.



In the AEC, outcomes are measured through key performance indicators (KPIs) that are in line with the strategic measures/objectives/goals in the AEC Blueprint 2025 and SWP as well as the broader economic landscape.

Regular monitoring of the status of these outcomes KPIs is important in providing necessary feedback to the relevant stakeholders so that appropriate decisions could be made, such as the prioritisation, sequencing, addition, or even phasing out of outputs and activities.

Examples of KPIs:

- Utilisation rate of ATIGA preferential tariffs
- Share of intra-ASEAN trade
- Share of intra-ASEAN Foreign Direct Investment flows

KPIs are measurable (quantitative and qualitative) indicators that will be drawn from various sources, including ASEAN Statistics' databases under the ACSS, as well as external databases. Apart from statistical databases, other sources of information could include data collected or surveys conducted that are related to ASEAN such as by business associations and chambers of commerce, academic and research institutions as well as regional and international organisations, and other ASEAN initiatives.

What is Impact Evaluation?

Impact evaluation takes outcomes monitoring one step further by measuring how regional economic integration strategic vision and goals affect/impact upon the broader socio-economic environment of the ASEAN Member States, as validated through empirical research/studies/surveys.

Basis

- Socio-economic indicators
- Evaluations

Frequency of Reporting

- periodically (e.g. mid-term, end-term)

Sources

- ASEAN Statistics, third party/external sources

As a component of the AEC 2025 M&E process, impact evaluation is instrumental to testing the effectiveness of specific regional economic integration approaches to socio-economic development. Impact evaluations inform those involved at the policy/strategic-level in reflecting on and reviewing the existing approach/initiatives as necessary, and support stakeholders in providing constructive feedback and recommendations to the process.

Stakeholders' feedback serves as a crucial verification mechanism in the M&E process. The AEC Blueprint 2025 has an element on enhancing private sector and stakeholders' engagement in the AEC such as in providing feedback on the impact of the integration efforts, including through surveys and other collaborations with business councils. Country Visits will also be conducted by AIMD to verify Member States' compliance with respect to their regional economic integration commitments, discuss how regional initiatives affect national policies, and discuss actual implementation of regional initiatives at the country-level. Verification may also be informed by parallel assessments and studies by an independent authority or external parties.



Reporting & Reviewing

Reporting of ASEAN economic integration progress and outcomes will be undertaken and tailored for a wide-range of audiences. The progress of outcomes-level KPIs would be reported periodically, along with progress on compliance monitoring. Some reports will be directly and exclusively presented to ASEAN Member States to help them make informed decisions in relation to the AEC Blueprint 2025 and the respective SWP, including by facilitating cross-cutting strategic decision and setting other intermediary milestones or activities to achieve specific objectives. Some reports, however, will be made available to the public such as the ASEAN Integration Report and the ASEAN Economic Integration Brief. These public reports will synthesise and provide analysis of trends and issues at the overall AEC Blueprint 2025-level as well as for specific sectors under the AEC. They would adopt various approaches targeting a broad range of readers, from the general public to the academic, and in some cases may be done in collaboration with other knowledge partners as mandated.

Reviewing. Informed by the M&E activities described above, the AEC Blueprint 2025 will be reviewed periodically as decided by the AECC, but not more than every three years, unless otherwise agreed. As also prescribed in the AEC Blueprint 2025, mid-term and end-of-term evaluations covering the periods 2016-2020 and 2021-2025 will be conducted to monitor progress and evaluate outcomes/impacts, including achievements and challenges from the implementation of the AEC Blueprint 2025, with a view towards enhancing the level of economic integration in ASEAN. The respective sectoral bodies overseeing their implementation will likewise review the SWP.



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