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# Quarterly Report

**ASEAN Connectivity through Trade and  
Investment (ACTI)**

**October – December 2013**

# Quarterly Report

## ASEAN Connectivity through Trade and Investment (ACTI)

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# Introduction and Summary

**ASEAN Connectivity through Trade and Investment (ACTI)** is a five-year project of the U.S. government to increase economic engagement and cooperation with the Association of Southeast Asian Nations (ASEAN). ACTI supports ASEAN in implementing the ASEAN Economic Community (AEC) in the areas of customs integration, trade and investment facilitation, small and medium-sized enterprise development, clean and efficient energy, and information and communication technologies. These are also priority areas under the ASEAN-U.S. Trade and Investment Framework Arrangement, Enhanced Economic Engagement Initiative, and the Enhanced Partnership Plan of Action. The project engages with Member States, U.S. government agencies, the private sector, and other stakeholders as the region moves toward its 2015 AEC goal and to deepen the ASEAN-U.S. economic relationship.

ACTI supports ASEAN through five work streams:

- **ASEAN Single Window:** By establishing the ASEAN Single Window and the contributing National Single Windows, ASEAN is enabling the electronic exchange of data for more rapid cargo clearance, thus lowering the cost of trade.
- **Trade and Investment:** Trade and investment facilitation, including business standards harmonization in priority integration sectors, ensures a more level playing field, lowers costs, and boosts consumer confidence in the quality of goods they receive.
- **Small and Medium Enterprises:** By supporting small and medium enterprise development, ASEAN encourages more inclusive economic growth. ACTI's support focuses on women entrepreneurs, particularly in Cambodia, Laos, Burma, and Vietnam, to bridge the development gap.
- **Energy:** ASEAN and the U.S. are promoting the use of sustainable energy and energy efficient technologies.
- **Information and Communications Technology (ICT):** By promoting greater broadband access and implementing the ICT Master Plan, ASEAN seeks to bridge the digital divide.

**In the fourth quarter of 2013**, ACTI focused on implementation of its first Annual Work Plan (AWP). The most active work streams this quarter were the ASEAN Single Window, Trade and Investment, and SMEs.

ASEAN Single Window continued to work toward a fully operational ASW in 2015 with several workshops focused on the legal framework, regulatory matters, technical implementation, and awareness and capacity building.

Under the Trade and Investment work stream, ACTI continued to work on standards with additional workshops on Medical Devices, made headway in its work on Self-Certification of Origin with a workshop specifically for Burma, and began work on Trade in Services.

ACTP's SME component undertook an extensive analytical assessment mission, holding roundtables in all four less-developed (CLMV) ASEAN Member States, and began its work with young entrepreneurs with a seminar in cooperation with the ASEAN Foundation and Microsoft. ACTI held its first consultation with the ASEAN SME Working Group and continued its work with the U.S.-ASEAN Business Council to form an alliance to mobilize U.S. companies to support ASEAN SME development.

Also in this reporting period, ACTI formally launched its Burma component, mobilizing Resident Advisor Steve Parker to oversee it. In November 2013, ACTI conducted the United States' first commercial law workshop in Burma. ACTP's work in Burma is reported in Appendix B.

# Status of Activities and Progress

The following is a summary of ACTI project’s activities and progress during the fourth quarter of 2013 (October through December) by Work Stream and keyed to activities listed in the First Annual Work Plan and Life of Project Plan.

## Work Stream 1: ASEAN Single Window

The **ASEAN Single Window (ASW)** is a central part of ASEAN’s efforts to stimulate the free flow of goods in the single market and production base of the ASEAN Economic Community. It allows the electronic exchange of shipment information between traders and governments and between exporting and importing countries.

*ASEAN market estimated to be worth over \$2 trillion by 2015*

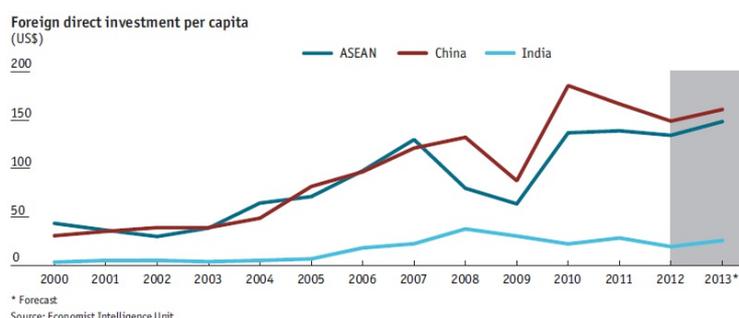
The ASW consists of national electronic trade clearance systems, National Single Windows (NSWs), that use a regional platform to exchange information on shipments and shippers.

NSW Status	ASEAN Member States
Operational	Indonesia, Malaysia, the Philippines, Thailand, Singapore
Development	Brunei, Vietnam
Design	Cambodia, Laos, Myanmar

NSWs are now operational in four ASEAN Member States with NSWs under development or design in the rest. NSWs enable a single submission of data and information, a single and synchronous processing of data and

information and a single decision-making for customs clearance of cargo. Ultimately, the ASW will:

- Increase the volume of customs data being transmitted electronically and efficiently through single windows
- Lower transaction costs, support faster clearance, and decrease risk for both ASEAN importers-exporters and U.S. businesses.
- Increase intra-ASEAN trade.
- Facilitate ASEAN’s participation in global and regional supply chains using the ASW as an interface with trading partners’ systems



The value of trade between ASEAN and the United States is currently estimated at \$200 billion. As such, a strengthened ASEAN Economic Community enhances U.S. business opportunities in Southeast Asia. ASEAN is enjoying a period of high growth and resilient economies.

Foreign investment is pouring in, keen to capture the opportunity. The region attracted an

estimated \$111.4 billion in foreign investment in 2012. ASEAN also has a strong manufacturing story, given that China is becoming increasingly expensive, and it has a strong and growing investment story in fixed assets such as infrastructure. In addition, foreign companies are also attracted by the integration of ASEAN—the combination of 10 relatively small markets into one large one of 617 million people—through interventions such as the ASEAN Single Window and other features of the ASEAN Economic Community. By helping ASEAN to fully complete and operate the ASW, ACTI’s assistance will benefit all companies, whether from ASEAN or the United States, involved in import-export in Southeast Asia. In a rapidly integrating and growing region, such technical assistance has the potential to bolster U.S. investments and businesses while assisting ASEAN economies.

Currently, ACTI is assisting ASEAN to:

- Complete the basic ASW architecture and begin live operations by Q4 of 2015;
- Finalize and adopt the necessary legal reforms to operate the ASW;
- Incorporate ASW-transferred information into risk management systems; and
- Expand the public-private dialogue on the ASW.

**In this reporting period**, ACTI’s ASW work stream made headway in helping ASEAN Member States to cement the legal and regulatory foundation necessary to operate their respective National Single Windows and subsequently integrate into the ASEAN Single Window; on the technical aspects of implementing the ASW; and on engaging with regional and local officials and customs professionals to communicate the concept of the ASW and its benefits to each Member State’s economy.

### **Activity 1.1 – Transition to Live Operation of the ASW**

In November 2013, the ACTI team participated in the four-day ASW 25<sup>th</sup> Technical Working Group (TWG) meeting in support of the development of terms of reference for the full ASW pilot and for Information Process Modeling. The team presented a number of studies, plans and concept notes on such topics as the ASW communications and outreach, a workshop on data harmonization, managing content of the ASW Web Portal, and establishing the ASW Project Management Office. A core part of the discussion was the next step on the procurement of the ASW software system. The TWG adopted a terms of reference for moving forward with a further and more complete pilot test. The TWG proposed that the pilot include all 10 ASEAN Member States (AMS) and cover an extended and unspecified set of trade documents. ACTI advisors expressed their view that such a pilot could not be procured effectively given the uncertainty about the outputs. Moreover, ACTI expressed its preference that any new contract should end with live operation of the ASW and not stop with pilot testing. ACTI proposed that the procurement follow a staged approach that would permit AMS that were ready to exchange live data today or in the near future to move forward through the ASW but only for trade documents that were also exchange ready, at this point probably only the ATIGA certificate of origin and possibly the ASEAN Customs Declaration Document. The meeting asked ACTI to formalize this proposal.

## ***Results***

- ACTI and the TWG have agreed to move forward on improvements to the ASW web site, an additional studies to define the information processes for certain additional trade documents, and a study to assess whether the ASEAN Secretariat office can host the ASW servers.

## ***Next steps***

- ACTI will prepare a detailed plan for the staged implementation of the ASW.
- ACTI will prepare detailed terms of reference for the approved activities listed under “Results” above.
- ACTI will present is proposals at the next TWG meeting in February 2014 in Yangon.

## **Activity 1.2: Finalize the Protocol for the Legal Framework**

### ***Completion of the Protocol for the Legal Framework for the ASW***

USAID has been working with ASEAN to establish the necessary legal framework for the ASW for six years. Over the past two years, ASEAN has completed, with support from USAID, the MoU necessary for the implementation of the ASW pilot and reached agreement on nearly all of the Protocol for the Legal Framework (PLF) for the ASEAN Single Window. When the PLF is signed and ratified by ASEAN Member States, AMS will use it to adopt the necessary domestic legal reforms to operate the ASW.

At the ASEAN Single Window Legal and Regulatory Group (LWG) meeting in December the draft PLF for the implementation of the ASW was finalized. The ACTI team supported that meeting and presented a report on the activities of other international organizations in the area of single windows/paperless trade.

## ***Results***

- The LWG adopted the draft PLF subject to legal scrubbing.

## ***Next steps***

- ACTI will support the LWG in the legal scrubbing of the PLF at the next LWG meeting in February in Brunei. This will ensure that the PLF is consistent with the technical architecture of the ASW, and that all relevant legal issues are addressed in a manner consistent with an enabling approach to the ASW.

## ***Burma Legal Gap Analysis***

In August 2013, Burma Customs formally requested support from the ACTI project through the ASEAN Secretariat to help identify legal gaps in their domestic laws in the participation of

government line ministries and non-government entities for cross-border trade. For nine days in November 2013, ACTI conducted a comprehensive legal gap analysis of barriers to the eventual operation of Burma's National Single Window (NSW) and the interoperability between the NSW and the ASEAN Single Window (ASW), led by Professor William J. Luddy, Jr., a world-renowned legal expert on trade facilitation, electronic transactions, and single window systems. Numerous meetings were held with Customs legal staff and participating government agency officials to review the laws and regulations relevant to establishing the NSW legal framework. These included the Land Customs Act and the Sea Customs Act and the 2004 Electronic Transactions Act, as well as the proposed 2014 Electronic Transactions Law that may replace it.

On 28 November, ACTI conducted a workshop for Burmese government officials on the legal framework for the National Single Window. The purpose of the workshop was to convey preliminary findings to officials from the Attorney General's office, Ministry of Commerce, Ministry of Science and Technology, Ministry of Information and Technology, Yangon University Department of Law, and others. Participants provided comments, raised concerns, and asked questions regarding the legal issues identified in the review. The preliminary findings were well received and participants expressed a strong desire for further discussions in order to permit additional government and possibly private sector stakeholders to participate. An additional workshop on legal issues was suggested for this purpose.

ACTI will produce a draft report incorporating feedback received at the NSW Workshop, to be finalized upon receipt of feedback from Burmese government officials.

### ***Results***

- The ACTI team identified barriers to the eventual operation of Burma's National Single Window and the interoperability between the NSW and the ASW.
- ACTI contributed to the revision of the Burmese customs law by providing a proposed amendment of the Sea Customs Act to legally enable the operation of the Burma NSW.

### ***Next steps***

- ACTI will prepare a draft report on the legal review. Officials in Burma will review the draft and respond with comments and suggestions that will be incorporated into the final report.
- At the request of Burma's Customs officials, ACTI will provide comments on the amendment of the Sea Customs Act that would legally enable the operation of the Burma NSW.
- ACTI will continue to build the relationships it has established with the Government of Burma to advance Burma's understanding of both the ASEAN Single Window and the National Single Window to ensure that Burma is an active and efficient trading partner.

## Work Stream 2: Trade and Investment

*With a population of approximately 620 million and a combined GDP of over \$2.2 trillion, ASEAN collectively represents the United States' fourth largest export market and fifth largest trading partner.*

The Trade and Investment (T&I) component of ACTI aims to boost economic growth and regional integration through the provision of technical assistance to reduce trade and investment barriers. This includes support for the implementation of an ASEAN regime for Self-Certification of Origin, through which exporters can self-certify the origin of

goods, and support for the establishment of National Trade Repositories. Technical assistance also supports standards cooperation in priority areas designated by the United States and the ASEAN Consultative Committee on Standards and Quality (ACCSQ), such as medical devices, green buildings and construction, health supplements, green chemistry, food safety, information and communication technology, and electronics.

ACTI also supports government-business dialogues, such as the annual U.S.-ASEAN Business Summit.

In this reporting period, ACTI's T&I component focused on supporting the implementation of an ASEAN regime for self-certification of origin; best practices in standards, rule-making, and conformity assessments for medical devices; and strengthening ASEAN rules to promote trade in services.

*"Given the challenges of economic globalization, ASEAN should continue its efforts to remove bottlenecks to growth, improve infrastructure connectivity, and create an environment conducive for cross-border trade in goods, services, and investment to thrive."*

*H.E. Dr. Lim Hong Hin  
Deputy Secretary-General of ASEAN for  
ASEAN Economic Community*

### **Activity 2.2: Support Implementation of an ASEAN Regime for Self-Certification of Origin**

#### *Self-Certification of Origin Workshop*

All ASEAN countries require that the origin of a good must be determined and certified before an exporter can claim preferential import tariff treatment. At present origin certification is provided by a designated government agency, which often is a time-consuming and cumbersome process. Under a self-certification system, the exporter is empowered to certify the origin of a good. Thus self-certification saves time and money, allowing faster and cheaper shipment of goods to customers. By reducing the documentation burden on traders when claiming preferential tariff treatment, self-certification helps to expand the utilization of tariff concessions offered under the ASEAN Trade in Goods Agreement (ATIGA).

ACTI held a two-day workshop on self-certification of origin this past November in Yangon aimed to provide Burmese officials and private sector with a better understanding of what is required to implement a self-certification origin regime. Burma was chosen for this seminar because it was not yet part of the ongoing self-certification pilot programs and its government expressed an interest in joining but wanted more information on the activities first. Speakers included four self-certification experts from Brunei, Malaysia, Singapore and Thailand as well as

speakers from Japan External Trade Organization and the AEM-MITI Economic and Industrial Cooperation Committee (Malaysia). The workshop was especially beneficial for the Burmese participants as they were able to learn from Brunei, Malaysia, Singapore, and Thailand how they started the pilot scheme in their respective countries and challenges faced.

### ***Results***

- Burmese officials and private sector gained understanding of what is required to implement a self-certification regime and have identified next steps.
- Burma is now participating in pilot 1 for self-certification, the broader and more inclusive pilot program.

### ***Next steps***

- ACTI will assist Burma to set a timeline for its implementation of the pilot self-certification scheme.
- ACTI to consider providing capacity building on the subject of how Rules of Origin work for both Burma officials and the private sector.

## **Activity 2.7: Build Capacity for Medical Device Standards and Conformity Assessment**

### ***Medical Device Directive Workshops***

ASEAN and the United States are committed to a joint agenda on standards designed to facilitate trade, broaden market access, promote regulatory coherence, and improve product quality and consumer choice. As part of that plan, ASEAN and U.S. Department of Commerce have identified the adoption and then implementation of the ASEAN Medical Devices Directive (AMDD) as a priority. To accomplish this, USAID and the Department of Commerce developed a multi-year medical devices training program for ASEAN to ensure uniform understanding and interpretation of the AMDD in line with international standards.

In October ACTI sponsored a two-day workshop in Hanoi for Vietnam's Ministry of Health and representatives of the private sector. The first half of day one was for regulators only and provided an overview of medical devices regulation, a review of conformity assessment and then more detail on listing and registering medical devices. The rest of workshop included representatives of the private sector and covered topics such as the definition and classification of medical devices, product life scales and the use of essential principles in regulating medical devices. Subsequently, ACTI sponsored a one-day workshop in Ho Chi Minh City for the medical devices industry there in collaboration with the U.S. Commercial Service.

### ***Results***

- Nearly 200 regulators and private sector representatives improved their understanding of international best practices in medical device regulation.

### *Next steps*

- ACTI's will organize a region-wide training on the AMDD in Singapore in early 2014.

### **Activity 2.16: Build Capacity within AMS and Strengthen ASEAN Rules to Promote Trade in Services**

#### *Trade in Services Negotiation Workshop*

Over the past 19 years, ASEAN has implemented the ASEAN Framework Agreement on Services through a series of 8 packages of commitments. Those packages are negotiated on a positive list basis, through which each AMS sets out in a package a specific reform for a specific sector.

ASEAN is now preparing to enter into a new services liberalization agreement, the ASEAN Trade in Services Agreement. New reforms will need to be proposed under this agreement and ASEAN is thinking about

*United States trade in services with ASEAN countries totaled \$30 billion in 2011*

*Exports \$19.1 billion; imports \$11.1 billion*

how to organize those commitments. Continuing with positive list commitments seems unlikely to yield many new reforms. Thus, with assistance from ACTI, ASEAN is exploring other scheduling methodologies that will promote greater services liberalization. This will contribute to expanding trade and investment ties between the United States and ASEAN, creating new business opportunities and jobs in all countries.

At a workshop in Luang Prabang in November, representatives from the AMS were introduced to the current direction of trade in services liberalization and scheduling approaches used in negotiations like the Trans Pacific Partnership and the Geneva services negotiations. The trainers fleshed concepts out through detailed simulation exercises.

### ***Results***

- Participants gained familiarity with the language used and techniques employed in modern services agreements.
- Through three simulation exercises, participants gained practical insights into drafting services commitments and obligations using a negative list and various hybrid approaches, including the use of a transparency list and of the model being negotiated into the Trade in Services Agreement (TISA).

### ***Next steps***

- Through national workshops under ACTI's 2014 Work Plan, ACTI will assist ASEAN trade negotiators and interested private sector participants from individual member states to understand the similarities and differences between a positive list, negative list and the various hybrid approaches to scheduling services commitments and other obligations.

## Work Stream 3: SME Development

ACTI's SME support activities aim to improve the capacity of ASEAN entrepreneurs, especially women and youth, in creating and operating SMEs and promoting equitable, inclusive development. In accordance with the ASEAN Strategic Action Plan for SME Development 2010-2015 and in close collaboration with the ASEAN SME Working Group, ACTI's SME support is focused on:

- Access to finance;
- Access to regional and international markets;
- Human resource development;
- Information and advisory services; and
- Technology and innovation.

Support is tailored to meet the needs of the less-developed ASEAN Member States at the national level to help bridge the regional development gap and promote greater integration and participation in the ASEAN Economic Community.

ACTI support will leverage expertise and resources from "ASEAN-helps-ASEAN" sources, public-private engagements, and other development programming.

Expanding skills-based training, human talent development and opportunities for integration into global supply chains for Small and Medium-sized Enterprises (SMEs) through an innovative public-private partnership between USAID and the U.S.-ASEAN Business Council is a part of the U.S.-ASEAN Expanded Economic Engagement (E3) Initiative.

*SMEs account for more than 96% of all businesses in ASEAN*

*SMEs represent 50-85% employment, 30-53% of GDP, and 19-31% of exports*

*30% of SMEs are women-owned*

A core ACTI objective in this work stream is to provide ASEAN SME entrepreneurs, especially women and youth, greater opportunity to access to regional and global markets, to expand their commercial networks, and to share experiences and best practices for entrepreneurship in this rapidly growing region.

### **Activity 3.1: Conduct Analytical Assessments in Five Focal Areas under the SME Work Stream**

*Cambodia, Laos, Myanmar and Vietnam Analytical Assessments*

In order to assess the current state of ASEAN SMEs and their needs, ACTI organized four Roundtable Meetings plus other meetings in collaboration with ASEAN SME Working Group in the four least-developed ASEAN Member States: Cambodia, Lao PDR, Burma and Vietnam. ACTI will use the results of the assessment to better design its SME interventions to promote

access to regional and global markets for ASEAN SME entrepreneurs, especially women and youth.

The roundtable meetings provided a useful platform for ACTI to obtain information for the assessment missions and also to build relationships for future activities. They also provided an open forum for SME stakeholders and enablers to interact among themselves and with the government; such government-business interactions are not often organized in these countries. In particular, the SME agencies obtained substantial feedback and specific suggestions from roundtable participants in terms of the services and programs, including the related policy dimensions, rendered by them and other SME enablers.

Within these four countries, SME development challenges differ in scope and magnitude. Some areas of need identified included business administration skills development and digital literacy, especially in the use of modern tools in business and financial management, planning, development and supply-chain linkages. All four country roundtables highlighted the need for translation of information and materials into the local languages. There is a pressing need for a single entry point for online information for SMEs. There is also the need to disseminate, in non-technical language, information on the opportunities presented by the ASEAN Economic Community.

### ***Results***

- The CLMV roundtables:
  - Introduced the ACTI team to counterparts with which ACTI will collaborate on future SME programming and
  - Provided an open forum for SME stakeholders in the less-developed ASEAN Member States to interact among themselves and with their respective governments.

### ***Next Steps***

- ACTI will complete the report on the SME Analytical Assessments Missions that will provide some suggestions for the design and implementation of future activities.
- ACTI will initiate cross-sectoral coordination among ASEAN Secretariat desk officers since many divisions in the ASEAN Secretariat AEC Department and Socio-cultural Department are involved in carrying out SME-related activities.

### **Activity 3.16 - Promote Youth-oriented Training and Entrepreneurship**

#### *Young Entrepreneurs Seminar*

In collaboration with the ASEAN Foundation and HP Life, ACTI participated in the ASEAN Foundation Seminar on Future Young Entrepreneurs Facing the ASEAN Community 2015 held in Jakarta in on 5 December 2013. H.E. Mr. Ngurah Swajaya, Ambassador/Permanent Representative of the Republic of Indonesia to ASEAN and H.E. Mr. David Lee Carden, United

States Ambassador to ASEAN, delivered motivational remarks to over 250 young people at the seminar. These young people interacted with and learned from senior members of the business community and highly successful young entrepreneurs. Participants showed their enthusiasm and engagement by asking thoughtful questions and sharing their views on ASEAN and the issues confronting them as young entrepreneurs.



### **Results**

- Over 250 young entrepreneurs took advantage of networking opportunities with the ASEAN business community and with other young people from the region.
- ACTI strengthened its relationship with the ASEAN Foundation, adding to its network of SME-enabling institutions in the region.

### **Next steps**

- ACTI will share the proceedings of the meeting with the ASEAN SME Working Group to inform future programming.
- ACTI will continue to collaborate with the ASEAN Foundation in the implementation of the SME work stream.

### **Activity 3.25 – Hold Regular Consultations with SMEWG and ASEAN SME Advisory Board**

In November 2013, the ACTI team participated in its first consultation with the ASEAN SME Working Group (SMEWG) this past November in Yangon. The team briefed the SMEWG on ACTI and its work on SMEs in the region and on the initial findings of the Analytical Assessment in Cambodia, Lao PDR, Burma, and Vietnam. Through these types of interactions, ACTI seeks to inform the programming of the ASEAN SMEWG. ACTI's findings and consultations will contribute to policy-level interventions for the promotion of ASEAN SMEs for increased market access, trade, investment, and global economic integration.

### **Results**

- The ASEAN SMEWG gained an awareness of the ACTI project and its role in the SME landscape in the region and ways in which its work can benefit from ACTI's engagement.

### *Next steps*

- The ACTI team is expecting helpful feedback from the SMEWG and will incorporate it as appropriate in the 2014 Annual Work Plan before its submission to the Project Steering Committee.

### **Activity 3.26 – Conduct Consultations and Networking with Other Stakeholders**

#### *U.S. Private Sector Support for ASEAN SMEs*

For 30 years, the US-ASEAN Business Council has been the premier advocacy organization for U.S. corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN). The USABC-USAID meeting this past December marked a further advancement in USABC-USAID’s joint efforts in support of ASEAN SME development in preparation for the ASEAN Economic Community 2015. The discussions highlighted three areas of potential engagement in fostering and empowering ASEAN SMEs as world-class providers and suppliers in the regional and global value chains in their own right through upgrading SMEs’ human capital and capacity, including (i) the provision of skills-based training and education; (ii) the creation of opportunities for SMEs to integrate into the supply chains of U.S. and global MNCs; and (iii) the development of talents and human capital for high-potential SMEs, including on corporate governance, business ethics, and leadership. It was agreed that USAID and USABC would work through ACTI to implement a joint partnership to support ASEAN SME development.

### ***Results***

- USAID and USABC committed to finalize an agreement in early 2014 to collaborate on SME activities.

### ***Next steps***

- ACTI will prepare a framework for the Public Private Partnership for USAID.
- A Memorandum of Understanding will be signed between the Council and USAID, with a signing event in Washington, D.C., planned for early March 2014.

## **Work Stream 4: Energy**

While ASEAN strives towards accelerating the establishment of an ASEAN Economic Community by 2015, it is important to ensure that such development is sustainable through, among others, mitigating greenhouse gas emission. ASEAN has emphasized the need to strengthen

*ASEAN energy use projected to increase 270% from 2007 to 2030*

energy efficiency, renewable energy development, such as bio-fuels, and promote open trade, facilitation and cooperation in the renewable and clean energy sector and related industries as well as investment in the requisite infrastructure for clean power development.

ASEAN-U.S. energy cooperation aims to accelerate the deployment of clean energy technologies. To this end, ACTI supports implementation of the U.S.-ASEAN Energy Cooperation Work Plan 2012-2014 and ASEAN institutional capacity building in the following program areas of the ASEAN Plan of Action on Energy Cooperation 2010-2015.

The U.S.-ASEAN Energy Cooperation Work Plan covers four topics:

- **Energy Efficiency & Conservation:** Strengthening energy security and addressing climate change as well as promoting competitiveness in the ASEAN Member States through regional- and national-level cooperation.
- **Renewable Energy:** Increasing the diversity of the energy supply and reducing the environmental impact of energy use in ASEAN by accelerating deployment of renewable energy technologies, including solar power, bioenergy, and hydropower.
- **Civilian Nuclear Energy:** Increasing the capacity of regulators, operators, and relevant educational institutions for nuclear safety and security, as well as new and emerging technologies.
- **Natural Gas:** Exploring additional gas supply from nonconventional sources to support environmentally sound development of natural gas and offer ASEAN Member States opportunities to address energy demand and sustain economic growth by substituting away from high carbon-intensity fuels.

In November a DoE representative came to Jakarta to meet with ASEAN officials and ACTI to finalize activities for 2014. During this quarter, ACTI's energy subcontractor ICF began preparation of a draft TOR for this activity during the quarter but it was still under internal review by the end of the quarter. ACTI began preparing for a workshop on renewable energy and rural electrification to be organized in the first half of 2014.

## **Work Stream 5: ICT**

In support of the ASEAN ICT Masterplan, ACTI provides technical assistance at the regional level to achieve an improved enabling environment for ICT, broadband, and emerging technology proliferation as well as improved accessibility, affordability, and utilization of broadband for ASEAN Member States. A secure and connected information infrastructure is important for sustaining the region's economic growth and competitiveness. The ASEAN ICT Master plan highlights ASEAN's goals for advancing ICT in key sectors. Immediate needs in countries requiring capacity building of broadband infrastructure at the national and subnational levels include the establishment of a strong Universal Service Fund (USF) institution and a systematic plan for build-out of broadband capacity from a strong central broadband corridor.

In this reporting period, ACTI did not conduct activities in this work stream but is preparing to submit activities for approval by the ASEAN Telecommunications and IT Senior Officials (TELSOM) to begin work in early 2014.



# Implementation Issues and Recommendations

The U.S. federal government shutdown from 1 – 16 October 2013 curtailed most routine operations after Congress failed to enact legislation appropriating funds for fiscal year 2014, or a continuing resolution for the interim authorization of appropriations for fiscal year 2014. The inability to communicate with U.S. government partners at the Department of Commerce and Food and Drug Administration prevented the ACTI team from implementing the Dietary/Health Supplement Regulations Workshop at the end of October 2013. ACTI is exploring possibility of organizing the workshop on 24-25 March 2014.

ACTI's monitoring and evaluation plan is still under development. As a result, the monitoring and evaluation data collected for this reporting period is limited. We expect to complete a draft monitoring and evaluation plan in the first quarter of 2014 and finalize the plan in the second quarter.

# Appendix 1 – M&E Indicator Reporting

The table below tracks the indicators that ACTI has proposed in the draft M&E Plan. As such, the table will be revised in subsequent reports to align with the final M&E approach. Annual indicators report the total to date but not quarterly results. No targets are provided as they will be settled when the M&E Plan is approved.

Indicator	Reporting Frequency	Baseline	Year-1 (July 2013 – June 2014)		
			2013 Q3	2013 Q4	Total
<b>DO: Enhance ASEAN's global competitiveness through economic integration development</b>					
<b>Work stream 1: ASEAN Single Window</b>					
<b>IR1.1: Reduced time for cargo clearance at the border</b>					
Indicator 1.1.1: Number of transactions transmitted over the ASW (custom)	Annually when launched in 2015	0	- <sup>1</sup>	-	-
<b>IR 1.2: Increased capacity to manage customs risk</b>					
Indicator 1.2.1: Number of AMS integrating ASW data into risk management systems (custom)	Annually when launched in 2015	0	-	-	-
<b>Work stream 2: Trade and Investment Facilitation</b>					
<b>IR 2.1: Reduced behind-border regulatory barriers</b>					
Indicator 2.1.1: Number of countries implementing the ASEAN Harmonized Medical Device Directive (custom) – to be adopted in late 2014	Annually	0	-	-	-
Indicator 2.1.2: Number of countries implementing Self Certification of Origin (custom) – to be initiated in 2015	Annually	0	-	-	-
<b>IR 2.2: Increased trade in services</b>					
<b>Work stream 3: Small and Medium Enterprises</b>					
<b>IR 3.1: Expanded access to finance for women entrepreneurs</b>					
Indicator 3.1.1: Number of women entrepreneurs with improved access to finance through ACTI supported programs (custom) – Activity to be launched Q3 2014	Annually	0	-	-	-
<b>IR 3.2: Increased business skills</b>					

<sup>1</sup> Items marked with a “-” indicate that no results are expected as the activity is not yet planned to commence or the indicator does not apply to a specific work stream.

Indicator	Reporting Frequency	Baseline	Year-1 (July 2013 – June 2014)		
			2013 Q3	2013 Q4	Total
Indicator 3.2.1: Number of SMEs receiving BDS (custom)	Quarterly				
	Men		2	111	113
	Women		1	157	158
	Total	0	3	268	271
Indicator 3.2.2: Number of entrepreneurs who have received certificates of completion from the ASEAN Online Academy (custom)	Quarterly <sup>2</sup>				
	Men		-	-	-
	Women		-	-	-
	Total	0	-	-	-
Indicator 3.2.3: Number of people benefitting from USG-supported Public-Private Partnerships, disaggregated by sex (PPP2)	Quarterly				
	Men	0	160	28	188
	Women	0	211	15	226
	Total	0	371	43	414
<b>Cross Cutting Indicators</b>					
<b>General Outcome Indicator</b>					
Indicator OC1: Number of guidelines, policies, or directives endorsed by ASEAN reflecting ACTI inputs (custom) <sup>3</sup>	Annually				
	ASW		0	0	0
	T&I		0	0	0
	SME	-	-	-	-
	Energy		0	0	0
	ICT		0	0	0
	Total	0	0	0	0
Indicator OC2: Number of AMS adopting guidelines, policies, or directives reflecting ACTI inputs (custom)	Annually				
	ASW		0	0	0
	T&I		0	0	0
	SME	-	-	-	-
	Energy		0	0	0
	ICT		0	0	0
	Total	0	0	0	0
<b>General Output Indicator</b>					
Indicators OT2: Number of person hours training in trade and investment capacity building supported by USG assistance (standard)	Quarterly				
	ASW			132 hrs.	132 hrs.
	T&I		1944 hrs.	3,018 hrs.	4,962 hrs.
	SME			1,608 hrs.	1,608 hrs.
	Energy		0	0	0
	ICT		0	0	0
	Total	0	1944 hrs.	4,758 hrs.	6,702 hrs.
Indicator OC3: Number of workshop or training participants who state that their capacity has increased as	Quarterly				
	ASW				
	T&I				
	SME				

<sup>2</sup> Once the Academy is launched in 2015.

<sup>3</sup> The SME Development work stream is not presently working with ASEAN at the policy level.

Indicator	Reporting Frequency	Baseline	Year-1 (July 2013 – June 2014)		
			2013 Q3	2013 Q4	Total
a result of ACTI training/workshops (%), disaggregated by sex (custom) <sup>4</sup>	Energy				
	ICT				
	Total	0			
Indicators OT3: Number of activities completed implementing agreed U.S.-ASEAN work programs and objectives (custom) <sup>5</sup>	Annually				
	ASW	-	-	-	-
	T&I		2	2	4
	SME	-	-	-	-
	Energy		0	0	0
	ICT	-	-	-	-
	Total	0	2	2	4
<b>Input Indicator</b>					
Indicator IT1: Number of days of technical assistance (TA) on trade and investment environment provided to counterparts or stakeholders (standard)	Quarterly				
	ASW		64.1 days	112.7 days	176.8 days
	T&I		54.6 days	95.1 days	149.7 days
	SME		53 days	72 days	125 days
	Energy		12.8 days	2.8 days	15.6 days
	ICT		34.1 days	27.8 days	61.9 days
	Total	0	218.6 days	310.4 days	529 days
Indicators IT2: Number of studies commissioned on trade and investment related issues (custom)	Annually				
	ASW	0	0	0	0
	T&I	0	0	0	0
	SME	0	0	4	4
	Energy	0	0	0	0
	ICT	0	0	0	0
	Total	0	0	0	4

<sup>4</sup> Data was not collected during this period.

<sup>5</sup> Not all work streams have established US-ASEAN work programs.

## Appendix 2 – Overall Project Indicators

This table includes the baseline for ACTI’s overall results indicators from the M&E Plan as they are all annual indicators.

Indicators	Baseline
<b>Indicator 1:</b> Overall Project Indicator - Ranking of the ASEAN Member States in the IFC Ease of Doing Business index (custom)	∑ ASEAN Rankings 2013 - 2014: <b>56.4<sup>6</sup> countries</b> CLMV: <b>144.25/189 countries</b>
<b>Indicator 2:</b> ASW – Reduction in the IFC Doing Business indicator “Time to import” indicator	∑ Time to Import: <b>17.7 days<sup>7</sup></b>
<b>Indicator 3: Trade and Investment</b>	
a. Increase in ASEAN total volume of trade (custom)	(In US\$ million) <b>2,474,674.3<sup>8</sup></b>
b. Increase in ASEAN Foreign Direct Investment (custom)	(in US\$ million) <b>318,483,9<sup>9</sup></b>
<b>Indicator 4:</b> Energy – Reduction in Total Primary Energy Supply/GDP (custom)	<b>4.49 toe/000 2005 USD<sup>10</sup></b>
<b>Indicator 5:</b> Average Broadband Internet subscribers per 100 of population in ASEAN (custom)	<b>23 per 100 population<sup>11</sup></b>

<sup>6</sup> GCI 2013-2014

<sup>7</sup> World Bank Doing Business Report, as of 2013

<sup>8</sup> Intra- and Extra- ASEAN Trade 2012, as of July 2013 by ASEAN statistics

<sup>9</sup> Total FDI inflow to ASEAN 2010-2012, by ASEAN Statistics

<sup>10</sup> Key World Energy Statistics, as of 2013 by International Energy Agency. (Data exclude Lao PDR as it is not listed by IEA)

<sup>11</sup> <http://www.internetworldstats.com/stats3.htm#asia>, as of June 2012

# Appendix 3 – Success Story

<b>Success Stories/Lessons Learned Template</b>
<i>One Story Per Template</i>

Please provide the following data:

**\*Headline (Maximum 300 characters):** A good headline or title is simple, jargon free, and has impact; it summarizes the story in a nutshell; include action verbs that bring the story to life.

<b>Burma Recognizes Need for Improvements in the Legal Framework for Electronic Clearance of Goods at Borders</b>
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**\*Body Copy (maximum 1.5 pages Times New Roman 12pt font):** The first paragraphs should showcase the challenge encountered and the context of the foreign assistance program. Presenting a conflict or sharing a first person account are two good ways to grab the reader’s attention. Continue by describing what actions were taken and finally describing the end result. What changed for the person or community? What was learned? How did this make a difference in the community or to the country overall? If this story is relating to a "best practice", what were the innovations in planning, implementation or partnering that made it different? If this story is about an evaluation, what program adjustments were made?

<p>A core part of the ASEAN Economic Community is the establishment of a single market and production base. Lowering tariffs and other trade barriers is important but facilitating movement of goods between countries by reducing border clearance times can be even more important.</p>
--

<p>ASEAN has addressed this issue by moving to establish the ASEAN Single Window (ASW), a system for electronically exchanging information on shipments and shippers between countries in the region to permit pre-processing of imports and expanded risk management of inspections. The Single Window system makes extensive use of the latest technologies in ICT and as such to make this system work, each ASEAN Member State must adopt laws and regulations that permit the collection of information electronically and its transmission to other countries.</p>
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<p>Burma is now in the process of developing its electronic border clearance system or National Single Window (NSW). As part of this effort, ACTI conducted a comprehensive legal gap analysis to identify potential barriers to the eventual operation of Burma’s NSW and the interoperability between the Burma NSW and the NSWs of other ASEAN Member</p>
--

States using the ASW as the common platform for the exchange of cross-border documents.

The legal gap analysis found that a number of key pieces of the legal framework already exist. For example, the legal foundation on which the NSW can be built is already in place through Burma's Electronic Transactions Law (ETL) of 2004. A key element of this law allows all Government Ministries and Agencies to utilize electronic transactions (electronic documents, records, and data messages) to fulfil their functions in the import, export and transit processes in Burma. Additionally, a revision to the ETL is under consideration that would enhance and clarify some elements of the current law such as the use of electronic evidence in judicial and administrative proceedings.

A variety of specific Single Window-related legal issues, including enabling law for the NSW itself, must still be addressed such as the sharing and exchange of customs and trade data between Ministries, data protection, privacy and information security, data retention and electronic archiving, electronic signatures and cross-border authentication, and intellectual property rights. These and other legal issues can be addressed when the overall regulatory framework for the NSW is established.

Through a Workshop attended by officials from the Attorney General's office, Ministry of Commerce, Ministry of Science & Technology, the University Law School, Ministry of Information and Technology, Department of Law from Yangon University, and other stakeholders that was conducted in November 2013, ACTI helped the participants to better understand his findings and the changes that would need to be made in national law and regulations to support the ASW.

ACTI also provided ongoing drafting assistance for amendments to the Sea Customs Act as well as comments on the new draft Electronic Transactions Law. Comments were received ACTI's draft report presentation at the Workshop and were incorporated to provide Burma a clear roadmap for the legal changes needed to facilitate the implementation of its National Single Window.

**\*Pullout Quote (one sentence):** Please provide a quote that represents and summarizes the story.

"Once Burma's NSW legal framework is completed, it will have legal interoperability with the ASW and with the NSWs of other countries that can enhance Burma's trade facilitation efforts around the world." (Professor Bill Luddy, Legal Expert for Trade Facilitation)

**\*Background Information (one paragraph):** If relevant indicate whether this story is about a presidential initiative, Key Issue(s). Please in one or two sentences explain why this is important to the intended beneficiaries and addresses USG priorities.

The implementation of Burma's NSW linked (interfaced) with the ASW will shorten the time to import and export, improve enforcement of and compliance with regulations at the border, and reduce trade transaction costs. It will also facilitate Burma's participation in global and regional supply chains and promote regional growth. As ASEAN is the fourth largest trading partner of the United States, increased growth both better the lives of people in the region and creates opportunities for U.S. firms to meet the growing demand for quality products.

**\*Project Name and Point of Contact:** Please Provide the Project Name and the Individual who can be contacted to provide additional information about this story if required.

ASEAN Connectivity through Trade and Investment (ACTI) Project, Mr. Tim Buehrer (Chief of Party):  
[Tbuehrer@nathaninc.com](mailto:Tbuehrer@nathaninc.com)

# Appendix B - ACTI Administered Bilateral Program in Burma: the Economic Reform for ASEAN Integration Program

The two year, \$4 million Burma component of ACTI, now referred to as the Economic Reform and ASEAN Integration (ERA) program, commenced operations in Yangon, Burma on December 2, 2013, following several phase-in activities from September through November 2013. Technical supervision is provided by USAID-Burma while the contract is administered through ACTI with USAID's Regional Development Mission/Asia (RDMA) in Bangkok, Thailand.

*"The United States supports reforms that lay the foundation for a peaceful and prosperous future. Economic reforms and trade are mutually supportive. Stronger institutions, transparency, and rule of law create stronger foundations for commercial transactions, trade and investment."*  
- Acting United States Trade Representative  
Demetrios Marantis

The objectives of ERA's work are to accelerate inclusive, private-sector-led economic development in Burma, to build stronger U.S.-Burma economic relations and to facilitate integrating Burma into regional and international markets. The purpose of this program is to support Burma's efforts to continue its economic reforms, including changes in economic governance, to ensure an environment attractive for trade, investment and private sector growth. Although the program must remain flexible to address opportunities for reform, it will focus on supporting legal and regulatory reforms, capacity building and training in the Government and private sector, and enhancing the effectiveness of policy dialogue between the Government and business and civil society consistent with Burma's commitments to the ASEAN Economic Community, U.S.-ASEAN Expanded Economic Engagement (E3) and the U.S.-Burma Trade and Investment Framework Agreement (TIFA), as well as broader international best practices where applicable.

In this reporting period, ACTI focused on mobilizing Mr. Parker, developing the domestic foundations for the ERA program, integrating ERA into USAID-Burma mission objectives and operations, and initiating contacts with key counterparts. To reinforce efforts for accelerating USAID programming on economic development in Burma during its initial phase of reform, five events were organized by ACTI and ERA during this period. Three events were ACTI-led and reported on earlier in this report: the Burma ASW legal gap analysis conducted in partnership with the Burma Department of Customs; a meeting with Burma SMEs and SME enablers as part of the CLMV SME assessment; and, a seminar on self certification of rules of origin organized with the Myanmar Ministry of Commerce in Yangon. In addition, ERA organized a major Commercial Law Workshop with the Attorney General's Office in Nay Pyi Taw, and a Roundtable on Commercial Law Constraints with the AMCHAM branch in Yangon.

***Commercial Law Workshop: 20-21 November 2013 in Nay Pyi Taw and AMCHAM Roundtable: 18 November 2013 in Yangon***

ERA worked with the Attorney General Office (AGO) to organize a major two-day Workshop on Commercial Law, working in close cooperation with USAID-Burma, the General Electric Foundation and DAI's Office of Transition Initiative Project. This workshop delivered on a commitment between USAID and the AGO and represented the first-ever USAID-supported national workshop on commercial law development. Held in Nay Pyi Taw, it included two participants from Attorney General Offices in each of the 14 states and regions of the country, as well as participants from the national-level AGO, Supreme Court and Ministry of Commerce officials.

The workshop included substantive presentations (with active discussions) on contracting principles and contract enforcement, government procurement, intellectual property rights, responsible investment and production-sharing contracts for energy, the impact of the ASEAN Economic Community on commercial law, and a case study of legal sector transformation in Vietnam and Lao PDR.

ERA also worked with the local AMCHAM branch to conduct a roundtable with representatives from AMCHAM members to identify and discuss major commercial law constraints for expanding U.S. businesses in Burma.

Through initiatives such as this workshop and roundtable, the U.S. is helping Burma to create a favorable environment for trade, investment and private-sector growth by supporting sound legal and regulatory reforms, the result of which will be increased trade and economic partnership between the U.S. and Burma over time.



***Next steps***

- Several activities in ERA's 2014 Work Plan build directly upon its cooperation with the AGO on this workshop, including a technical workshop with the AGO's Division for Contract Enforcement that focuses on building understanding and capacity on international best practices for core responsible investment clauses in complex contracts. This will focus

on natural resource and infrastructure government contracts that have to be reviewed by the AGO's contract office. As well, ERA will work with the AGO to organize a high-profile National Seminar on Government Procurement, with the aim of raising awareness throughout the Government on international best practices for procurement and to initiative the drafting of a Law on Government Procurement. ERA will build upon the roundtable to explore possibilities for additional workshops on key policy issues with AMCHAM.

### ***Results***

- Participants from the Attorney General Offices in all 14 states and regions of Burma attended the workshop.
- Participants gained an understanding of the ASEAN Economic Community and its implications for commercial law, which is essential to Burma's successful engagement with the region and the world as it opens further to foreign contact and trade.
- ACTI support for legal and regulatory reforms will enable increased trade and economic partnership between the U.S. and Burma.
- Stronger institutions, transparency, and rule of law create stronger foundations for commercial transactions, trade and investment.

## Appendix B-1 – M&E Indicator Reporting - Burma

Work Stream	Event	Date	Location	Sub-Objective	Total Participants		
					Male	Female	Total
1. ASW	Burma Legal Gap Analysis and Workshop	28-Nov-13	Yangon, Burma	ASW Sub-Objective 1: ASEAN Single Window is designed, tested, and implemented	13	9	22
2. T&I	Self-Certification of Origin	12-Nov-13	Yangon, Burma	T&I Sub-Objective 2: ASEAN's trade regime is efficient and more transparent	28	25	53
3. SME	SME CLMV Assessment Roundtable	28-Nov-13	Yangon, Burma	SME Sub-Objective 2: ASEAN SME entrepreneurs, especially women and youth have enhanced access to regional and global markets	n/a	n/a	23
6. Burma	Burma Commercial Law Seminar	20-Nov-13	Nay Pyi Taw, Burma		30	40	70