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Dear Director General

### EXCHANGE OF LETTERS - ASEAN SOCIAL SAFETY NETS

I refer to the Government of Australia's support for two projects proposed under the ASEAN Action Plan on Social Safety Nets, announced by Australia's Minister for Foreign Affairs, Mr Downer, at the 32<sup>nd</sup> ASEAN Post Ministerial Conference, on 27 July 1999. The two projects are –

- (i) developing capacity for social impact assessments; and
- (ii) increasing the capacity to design best practice social protection measures.

I am pleased to confirm that a total of \$500,000 has been approved for the implementation of both projects. In order for projects to proceed, I propose that this letter and its Annex, and your confirmatory Note in reply, will constitute an exchange of letters.

The Annex, which forms an integral part of this note, summarises the chief components of the projects and the respective contributions and responsibilities of the Government of Australia, through AusAID, and the ASEAN Secretariat.

The Annex sets out -

- Project Description
- Key Responsibilities
- ASEAN Secretariat Contributions
- Australian Government Contributions

Variations to this letter can be made in writing by a further exchange of letters.

AusAID looks forward to working with the ASEAN Secretariat on this important ASEAN initiative.

Laurie Engel  
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## ASEAN Social Safety Nets Issues

### Project Description

The ASEAN Plan of Action agreed in Hanoi in 1998, committed ASEAN members to addressing the social impacts of the crisis through measures such as the ASEAN Action Plan on Social Safety Nets. Australia agreed to fund the following two projects under the Plan to assist ASEAN to address the social impacts of the crisis -

- (a) Developing capacity for social impact assessments in aiding the design of social safety net programs; and
- (b) Increasing the capacity to design social protection/social security/social safety nets programs based on a comparative understanding of best practices from ASEAN member countries and elsewhere.

### Objectives

The projects' respective objectives are -

- (a) To develop and disseminate to social planners, methodologies for micro-impact assessments and rapid assessment to identify localities and population groups most affected by the crisis; and
- (b) To give social planners from the region a better understanding of various models of social protection programs and to increase the design capacity for economically feasible social protection measures to address unemployment and poverty, including emergency social safety net services, through application of best practices that are appropriate to the region.

### Intended Benefits

The crisis has highlighted the need for access to current reliable data in order to enable timely policy responses. The articulation and dissemination of best practice methodologies in rapid assessment and assessment of the social impact of macroeconomic policies would form an important resource for ASEAN members in planning social assistance measures and modelling macroeconomic policy. Increasing the capacity to design reliable well targeted social protection measures would assist in alleviating the social impact of the crisis and protect against future social dislocation. Both projects will further enhance cooperation and dialogue on these issues between ASEAN economies through a focus on 'good practice' and lessons learned rather than critique of national efforts.

## Intellectual Property Rights Issue

In accordance with the cooperative nature of the Projects, any intellectual property rights and data developed through other related activities of the Project will be jointly owned by the parties to these letters. The parties will have the right both to use (including the right to publish and reproduce), and to authorise the use of, any intellectual property and data developed through the Projects activities.

## Key Responsibilities

Both parties will exert their best efforts to facilitate the implementation of the Project.

## ASEAN Secretariat

The ASEAN Secretariat will –

- facilitate agreement with ASEAN members on appropriate terms of reference for the design and implementation teams;
- identify appropriate ASEAN consultants to join the design and implementation teams;
- facilitate the design and implementation teams' dialogue with ASEAN members;
- manage the liaison with ASEAN members on administration and content of the design and implementation of the projects;
- assist with organisation of conferences/training arising from the design outcome, including facilitating speakers and general attendance at conference/training components by most appropriate ASEAN officials;
- provide input to the reports provided by consultant teams;
- disburse and acquit Australian funds as appropriate, and
- facilitate distribution of any training material.

## Australia

Australia will -

- appoint appropriate Australian consultants to the design and implementation teams;
- fund the costs of the design mission and costs associated with the implementation phase of the two projects to an amount of up to \$500,000 in total;
- provide input to the reports provided by consultant teams;
- have overall responsibility for management and implementation of the projects in consultation with ASEAN.

## Design Study on ASEAN Social Safety Nets Issues:

### TERMS OF REFERENCE

#### 1. INTRODUCTION

- 1.1 The ASEAN Plan of Action agreed in Hanoi in December 1998, saw ASEAN members commit to the implementation of a range of initiatives to hasten economic recovery and address the social impact of the Asia crisis. The Action Plan also committed ASEAN to address the social impacts of the crisis through measures such as the ASEAN Action Plan on Social Safety Nets, adopted by the Informal Meeting of ASEAN Ministers on Rural Development and Poverty Eradication in December 1998.
- 1.2 The Safety Nets program aims to build affected countries' capacity to monitor and analyse the social impacts of the crisis, develop policy responses and evaluate their effectiveness. The ASEAN Secretariat was tasked with seeking funding assistance from the ADB, the World Bank and other international donor agencies.
- 1.3 Australia agreed to fund two projects under the Plan to assist ASEAN to address the social impacts of the crisis. The projects' objectives are:

##### **Project 1:**

- (a) To develop and disseminate to social planners, methodologies for micro-impact assessments and rapid assessment which will identify localities and population groups that are most affected by the crisis

##### **Project 2:**

- (b) To give social planners from the region a better understanding of various models of social protection programs and introduce them to best practice in the design of economically feasible social protection programs that are appropriate for the region in addressing unemployment and poverty, including the design and delivery of emergency social safety net services.
- 1.4 The crisis has highlighted the need to strengthen institutional capacity through providing access to current reliable data in order to enable timely policy responses. The articulation and dissemination of best practice methodologies in rapid assessment and social impact of macroeconomic policies would form an important resource for ASEAN members in planning social assistance measures and modelling macroeconomic policy. The design of reliable well-targeted social protection measures in order to assist in alleviating the social impact of the crisis and protect against future social dislocation is also recognised, and is closely allied with access to reliable data.

Attached are specific Terms of Reference for Project 1 and specific Terms of Reference for Project 2. The projects are closely related and while distinct PDDs are required, research and consultation would be undertaken simultaneously.

AUSAID is seeking one team to conduct both design studies.

## Terms of Reference for Project 1

Project 1 aims to develop and disseminate to social planners, methodologies for micro-impact assessments and rapid assessment which will identify localities and population groups that are most affected by the crisis.

### 1. OBJECTIVE

- 1.1 The objective of this Design study is to assess the feasibility of the ASEAN social safety net project above, and to prepare a Project Design Document for project implementation.

### 2. SCOPE OF SERVICES

- 2.1 The feasibility design study will involve the following tasks –

- (a) Background research on social assessment methodologies and the informal and formal social safety net systems in operation within ASEAN as a whole. Research sources should include studies produced by the World Bank, The Asian Development Bank, relevant UN agencies, bilateral donors, ASEAN, and international and local academic/research institutions. Bidders should indicate in their proposal how they propose to identify and access this material. Research should be undertaken as a desk study in Australia.
  - (b) An initial visit (not expected to exceed 2 weeks) to the ASEAN Secretariat, and selected ASEAN countries (determined by the team in consultation with AusAID and the ASEAN Secretariat) to consult with the Chairman and focal points of the ASEAN Task Force on Social Safety Nets and/or the senior officials on Rural Development and Poverty Eradication and other key players on social assessment methodologies and social protection systems. Consultations should include government authorities, representatives of the international financial institutions and relevant UN agencies, representatives of bilateral donors and relevant international and local NGOs. It is expected that both team members should participate in the visit to the ASEAN Secretariat and the Chairman of the ASEAN Task Force on Social Safety Nets in Jakarta, although only one member of the team could undertake in-country consultations in selected countries.
  - (c) The above consultations with ASEAN members should cover approaches ASEAN members consider would best facilitate follow through with outcomes arising from the project.
- 2.2 The team will coordinate the field mission with Mr Cho Kah Sin at the ASEAN Secretariat. The ASEAN Secretariat will facilitate team members' meetings with the focal points of the ASEAN Taskforce on Social Safety Nets and other key ASEAN contacts.
  - 2.3 The team will adopt a participatory approach, whereby Australian team members will work closely with ASEAN Secretariat and the ASEAN team member in undertaking the study and in developing the detailed design, specifications, costs and implementation schedules for the project.

- 2.4 The team will outline measures to address linkages and complementarities with other on-going ASEAN projects in the area of social safety nets (such as the projects under the ASEAN UNDP Sub-Regional Program for the Sixth Cycle). The team will also identify any key lessons learned from similar projects undertaken in ASEAN and third countries.

### 3. SPECIFIC ACTIVITIES

- 3.1 The study team will formulate a strategy to evaluate assessment methodologies employed in the region with the aim of devising best practice models. (The social impact of the crisis has been far reaching. There is merit in defining the areas of social impact examined by the project.) In particular the team will:
- (a) Identify the impacts or target groups to be assessed;
  - (b) Identify the key rapid assessment methodologies from ASEAN members, and international experiences to be incorporated;
  - (c) Identify the key assessment methodologies for evaluating the social impact of macroeconomic policies to be included; and
  - (d) Highlight issues to be considered in any systematic analyses of the assessment methodologies employed (eg survey), for example -
    - methodologies effectiveness in deriving and analysing data;
    - the validity and effectiveness of the specific methodology;
    - the relationship with policy responses; and
    - best practice and an analysis of lessons learnt.
- 3.2 Follow through the outcomes of 3.1, through a workplan focussing on the dissemination of the outcomes of the evaluation process to key officials responsible for the design and implementation of social safety nets and development planning. This may include, but not be limited to, training course modules
- 3.3 The study team may be requested to present the PDD to a Meeting of the ASEAN Task Force on Social Safety Nets for comments and endorsement.

Sections 7-10 relate to Projects 1 and 2:

- 7 Project Design Documents
- 8 Study Team Expertise
- 9 Duration
- 10 Reporting

## ***Terms of Reference for Project 2***

Project 2 aims to give social planners from the region a better understanding of various models of social protection programs and introduce them to best practice in the design of economically feasible social protection programs that are appropriate for the region in addressing unemployment and poverty, including the design and delivery of emergency social safety net services.

### **4. OBJECTIVE**

- 1.2 The objective of this Design study is to assess the feasibility of the ASEAN social safety net project above, and prepare a Project Design Document for project implementation.

### **5. SCOPE OF SERVICES**

- 5.1 The feasibility design study will consist of the same tasks as described under Scope of Services of Project 1 (Section 2).

### **6. SPECIFIC ACTIVITIES**

- 6.1 The study team will formulate a strategy to facilitate awareness of social protection models/options from the region and internationally in order to devise best practices and to build capacity for designing emergency social safety net services.
  - (a) Identify key social protection models/options from ASEAN members and internationally;
  - (b) Identify a mechanism to review social protection models to draw out –
    - best practice and an analysis of lessons learnt;
    - economic feasibility and sustainability; and
    - the degree of cultural appropriateness to regional countries.
- 6.2 Follow through the outcomes of 5.1, through a work plan, with particular attention to:
  - (a) Means to enable regional policy dialogue; and
  - (b) A training of trainers course for social planners, and a training manual for use by ASEAN member countries, with a special focus on designing emergency social safety net services.
- 6.3 The study team may be requested to present the PDD to a Meeting of the ASEAN Task Force on Social Safety Nets for comments and endorsement.

## 7. PROJECT DESIGN DOCUMENTS (PDD)

7.1 The output of each study will be a Project Design Document (PDD) based on AusAID design guidelines. (Two project design documents)

7.2 The PDD for each project should:

- (a) Identify, analyse and assess the project's risk profile and issues of sustainability, including plausible risk minimisation strategies for the implementation of the project.
- (b) Specify in detail the institutional arrangements and responsibilities between AusAID, ASEAN (counterpart agencies) and the contractor for the implementation of the project.
- (c) Contain a draft scope of services and basis of payment for the implementing contractor - Each PDD should specify the terms of reference of the managing contractor including organisational arrangements and scope of work, contracting strategies, payment milestones and the basis of payment for the managing contractor, in accordance with AusAID's preference for outputs-based contracts and suitable for use as tender documentation for the procurement of an Australian managing contractor to implement the project.
- (d) Describe thorough arrangements for monitoring and evaluating the performance of activities supported through program funding and the performance of the managing contractor.

## 8. STUDY TEAM EXPERTISE

8.1 The exact number and composition of the team is not predetermined. However, the team will be small and include one ASEAN consultant nominated by the ASEAN Secretariat. The Australian team member(s) should collectively have the following skills:

- (a) Team leadership, ability to liaise with senior government officials, and report writing;
- (b) Expertise in social policy analysis, data collection and statistical analysis would be highly desirable.
- (c) Expertise in macroeconomic analysis and other issues that affect the sustainability and affordability of social protection mechanisms provided by governments would also be highly desirable.
- (d) Working experience in one or more of the economies involved in the study.

## 9. DURATION

9.1 The following is an indicative duration timetable:

- (a) Half/One-day briefing in AusAID Canberra;

- (b) Background research is to be undertaken over a period of approximately 1-2 weeks.
- (c) The visit by the team to the ASEAN Secretariat and consultation with the Chairman and selected focal points of the ASEAN Task Force on Social Safety Nets and/or the Senior Officials on Rural Development and Poverty Eradication and other key players is not expected to exceed two weeks.
- (d) Half-day debriefing with AusAID

## 10. REPORTING

10.1 The team shall produce one PDD report for each project.

10.2 **Draft reports.** The team will submit to AusAID ten (10) copies of each draft PDD, inclusive of all attachments, within two weeks of completion of the in-ASEAN consultations. Each draft PDD shall include a scope of services that conforms to AusAID requirements for outputs-based contracts and is suitable for use as tender documentation for the procurement of an Australian managing contractor to implement each project.

10.3 **Final reports.** The team will submit to AusAID ten (10) copies of each final PDD, inclusive of all attachments, within 2 weeks of receipt of AusAID/ASEAN comments.

10.4 The Team will provide soft copies of all outputs on disc/via email in Microsoft Word 97 and Excel formats.