

AEC ANNUAL PRIORITIES

Guidelines and Procedure

A. UPDATED GUIDELINES¹

Background

1. Following the adoption of the AEC Blueprint 2025 in November 2015, the 22nd AEM Retreat in March 2016 mandated the conduct of **an annual process of prioritizing the measures or action lines at the sectoral level**, and submission of annual priorities to the Committee of the Whole (CoW) for AEC. This recognized the importance of having a systematic progress reporting **to implement the strategic measures of the AEC Blueprint 2025**.

2. Hence, since 2016, identification and submission of the Annual Priorities (APs) by the AEC sectoral bodies have been conducted. Sectoral bodies have been tasked to undertake annual prioritization of their activities during the last quarter of the year preceding the CoW meeting, which is usually held in January of the succeeding year.

3. In line with the mandate, the AEC 2025 M&E Framework² incorporated the AEC Annual Prioritization as an integral part of Compliance Monitoring system. Status of implementation of APs and delivery of its planned outputs for the year are monitored periodically to ensure (i) progress is on track and (ii) timely delivery of outputs is achieved by yearend.

Defining an Annual Priority

4. In discussing the APs (for 2019), the SEOM Retreat held in November 2018 “highlighted that the **annual prioritisation process by sectoral bodies** would have to **take into consideration those that are critical in furthering regional economic integration and address key emerging issues**, such as the 4IR.”

5. This underlines the key element in drawing the priorities/APs from among the long list of action lines/activities in the sectoral work plans³ (SWP). It emphasizes the “critical” aspect of the action line or activity to be an AP.

6. An AP is therefore a critical path activity to the achievement of higher-level outputs or outcomes in the SWP or strategic measures in the AEC Blueprint; in other words, without the former, the latter cannot be achieved. Hence, an AP can be an action line, an activity, an output document, or a step for as long as its direct causal relationship and critical contribution to results (i.e. in the form of outputs and intended outcomes in the SWP) can be robustly established, and this causal link can be elaborated. This condition separates the APs from other granular activities in the SWP.

¹ This builds on the paper “*Annual Prioritisation under the AEC 2025 M&E Framework*” circulated at the SEOM Retreat in November 2018 and at the 9th Meeting of the CoW in 2019.

² This was endorsed by the ASEAN Economic Ministers (AEM) on 3 August 2016 at the 48th AEM Meeting and by the AEC Council in September 2016.

³ Sectoral bodies use different terminologies. Some refer to this as strategic action plan (SAP), implementation plan (IP), master plan, strategic plan or plan of action (POA) but these are all detailed plans aimed to implement the mandate in the AEC Blueprint 2025 and the relevant strategic measures under their respective purviews.

7. Given an AP is expected to be implemented within the year, it is important that where an AP is intended to contribute to a multi-year action line, appropriate milestone output for the year should be identified and relevant activity for the year specified. This is to allow for implementation to be measured. It is important to remember that the two conditions together set an AP action line apart from the regular action lines in the SWP.

8. To clearly identify what is expected to be delivered as an AP, it would help to state the AP must be formulated in a concrete and measurable manner. This may be achieved by using verbs such as develop, formulate, complete, resolve, conclude, adopt, endorse, launch, or convene rather than promote, enhance, improve, or intensify. This way, we can clearly track the implementation of an AP e.g. a dialogue among stakeholders is convened, resulting in a set of recommendations to improve future coordination, rather than “improve coordination” or “strengthen dialogue”.

9. It is worth to note that the Priority Economic Deliverables (PEDs) of the ASEAN Chairmanship are automatically assigned as, and included in the counting of, APs.

Annual Priorities and Emerging Issues

10. At the SEOM Retreat in November 2018, discussion also emphasised that **the annual prioritization process of sectoral bodies should consider emerging issues**, such as the 4IR. This underlines that **new activities or action lines not originally included in the SWP or the AEC Blueprint may be added** for implementation as an AP (by a sectoral body), including as a Priority Economic Deliverable (PED) for the year (by the ASEAN Chairmanship). This acknowledges the dynamism and evolving nature of the global environment; the need for flexibility and adaptability of the AEC to emerging situations/trends/issues so as to ensure its continued relevance and effectiveness; and the fact that not all measures or steps could have been anticipated at the time of formulation of the SWPs or the AEC Blueprint. The review or assessment of the impact of the emerging issues may call for recalibration of existing action lines, or addition of a new activity, or an action for exploratory study.

Annual Priorities, AEC Blueprint and the ASEAN Comprehensive Recovery Framework

11. The ASEAN Leaders endorsed the ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan at the 37th ASEAN Summit in November 2020. The ACRF is aimed to guide ASEAN’s exit strategy from the pandemic and its aftermath through a three-stage approach i.e. from the re-opening stage, to recovery and to resilience.

12. Its Implementation Plan lays down the detailed initiatives and programs to implement the ACRF five broad strategies⁴. As predicated in the ACRF itself, **these will “reflect those that are relevant, prioritized, accelerated, highlighted while allowing for relevant new initiatives or programmes”** (ACRF, para 21, p.13). Hence, for some sectors, the initiatives included in the ACRF Implementation Plan may be an acceleration or an early harvest for existing action lines in the SWPs, for other sectors these may involve entirely new

⁴ (i) enhancing health systems; (ii) strengthening human security; (iii) maximizing the potential of intra-ASEAN market and broader economic integration; (iv) accelerating inclusive digital transformation; and (v) advancing toward a more sustainable and resilient future.

programmes, or new action lines or activities albeit still in line and support implementation of their SWPs or the AEC Blueprint strategic measures.

13. Considering that the initiatives or programmes identified in the ACRF are critical to the recovery and long-term resilience of the region, and should be prioritized, sectoral bodies are encouraged to identify the initiatives or programmes that they have committed to implement under the ACRF as APs.

14. Notwithstanding para 13, it is important for sectoral bodies to continue to pay due attention to other action lines, activities or initiatives, beyond those in the ACRF, that are critical to the implementation of the AEC Blueprint strategic measures.

Action Lines Involving Multiple Activities and Multi-Year Implementation or Continuing / Repeated Activity

15. It is noted that, in the past, certain measures identified as APs are i) either too large or too complex to be completed within one year or are ii) continuing activities e.g. keeping the ASEAN Trade Repository updated. As a result, they may be tagged as unimplemented year after year.

16. In the former case, what should be set out as APs for a specific year should be the milestone activity with concrete output for that particular year that is critical to the next activity level and contribute to the achievement of higher-level output or outcome.

17. On the latter case, sectoral bodies are requested not to include continuing activities as APs but to pursue them instead as part of regular activities in the implementation of their SWPs, unless when there is a specific milestone to be achieved in that particular year.

Annual Priorities and Housekeeping Issues

18. In recent years, delivery of major outputs, such as economic agreements, have faced considerable delay in their ratification. Target timelines for entry into force as set out in the Agreements have not been observed thereby, stalling the enjoyment of potential benefits to ASEAN. To give extra push for Member States' to complete their ratification process, this had been included in past APs. However, since these are technically housekeeping matters, i.e. formalities to be completed, that should be part and parcel of the commitment of Member States it does not warrant to be treated as APs. On this note, housekeeping activities such as signing and ratification are not to be included in the 2021 APs.

19. However, the status or progress of housekeeping matters will continue to be tracked through the regular AEC Compliance Monitoring of the implementation of the SWPs or the sectoral monitoring on a regular basis.

Annual Priorities Not Completed in the Preceding Year

20. APs of the preceding year that were not completed should be reviewed by the concerned sectoral body and must be accounted for. A few options may emerge.

21. Assessed against the criterion set out above, sectoral bodies may decide for the unimplemented AP to be carried over to the succeeding year. This is the most common option for unimplemented AP. In deciding to carry forward the unimplemented AP, due consideration shall be given to the reason for non-implementation. The issues and challenges being faced by sectoral bodies should be surfaced and brought forward, and, for relevant sectoral bodies, to elevate these, where necessary, for policy intervention at the Senior Officials Meeting, such SEOM.

22. In reviewing the unimplemented AP, the scope of and duration to complete the AP should also be realistically examined. As earlier mentioned, if the way an AP is presented requires multi-year implementation, then the relevant activity and appropriate milestone output for the year should be specified. Therefore, the carried over unimplemented AP can be presented as is or with amendments, with clear rationale provided.

23. In the event that a decision (at the sectoral body/working group level) to recommend an AP action line to be dropped, a clear explanation with reasonable justification should be provided.

Difference between the 2021 APs and 2020 APs

24. In principle, there should be no difference between the APs for 2021 and the preceding year. The identification and selection process adheres to the same general principle and criterion that was articulated by SEOM at its Retreat in 2018.

25. The updated guidelines (i.e. 2021 Guide) only aim to provide greater clarity of what an AP action line is versus regular action line in the SWP by clearly specifying the conditions that must be met in designating an action line or activity as an AP. The intent is to improve the quality of the list of APs (i.e. weeding out the token APs from the list), ensure clarity of purpose and outputs, and ensure delivery of concrete definitive output by year-end. In this regard, a brief elaboration of the 2021 APs will be required.

26. The 2021 list of APs may include new or carried-over priorities from the 2020 APs. As per the criteria set out above, the list is expected to contain action lines/activities that foremost are considered and agreed as critical path activities to furthering economic integration, or contributed to COVID-19 recovery under the ACRF. In addition, it will also include measures declared as PEDs of incoming ASEAN Chair.

27. An AP template encapsulating the principles and criteria set out in this Guideline is provided for use in formulating the 2021 AP list. (See Annex A)

B. PROCESS AND PROCEDURE IN DEVELOPING THE AEC ANNUAL PRIORITIES

28. The preparation for Annual Priorities (AP) begins in Quarter 4 of the preceding year. A call is made within the AECD (i.e. by the ASEAN Integration Monitoring Directorate (AIMD)) to all Divisions to pre-identify the succeeding year's APs, with the aim to have a consolidated AEC-wide list ready in time for the meeting of the Committee of the Whole for the AEC (CoW), typically held in the second half of January.

29. The desk officers prepare the draft APs for their sectors following the guidelines provided by the AIMD. Note that each Directorate may come up with more specific guidance

to desk officers in the preparation of the APs for sectors under their ambit, and they may also conduct their own deliberation process, so long as it is consistent with the Guide.

30. As practiced, the pre-identified APs (at the desk officer level) are consulted with the relevant sectoral bodies (Note: the process may vary from sector to sector, in some cases consultations may be done first through the Chair. The process is left to the discretion of each sector.) to come up with the sector's initial list of APs for the succeeding year. The Guide should also be circulated by the desk officers to their relevant sectoral bodies when consulting them on the APs.

31. The AP lists of sectoral bodies under SEOM are to be further submitted to SEOM for review and further guidance for finalisation. This is usually taken up during the SEOM Retreat (at the end of the preceding year or at the start of the new year). "This is an opportunity for SEOM to provide specific inputs or recommendations to the sectoral bodies under their purview – both on the unimplemented priorities for the year and possible priorities for the coming year – to facilitate the finalisation of their list of annual priorities in time for the CoW".⁵

32. Upon clearance by sectoral bodies, sectoral APs are then consolidated by AIMD for presentation and submission to the Committee of the Whole (COW) meeting in January of the succeeding year. In adherence to the 2021 Guide, AIMD may suggest further refinement or clarification of the APs. The expectation is for the list of APs to be finalised by CoW, which has been the case for most sectoral bodies. In very selected cases, a qualifier that the sectoral AP list is provisional and is subject to confirmation at sectoral body meetings may be added. All sectors however should aim to finalise their lists within the first quarter of the year to allow for consistent reporting of quarterly update through the year.

⁵ This is from the paper "Annual Prioritisation under the AEC 2025 M&E Framework" circulated at the SEOM Retreat in November 2018 and at the 9th Meeting of the CoW in 2019, p. 2, para 7.

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Guidelines and Procedure

Addendum

1. This is an **Addendum** to the **AEC Annual Priorities Guidelines and Procedure** (referred to here as 2021 Updated AP Guidelines) dated 16 December 2020, which further updates the guidelines as contained in the paper **Annual Prioritisation under the AEC 2025 M&E Framework** presented at the SEOM Retreat in November 2018, finalized and approved by SEOM on 9 January 2019 for circulation to all sectoral bodies under its purview, and further circulated to the 9th and 10th CoW Meetings in 2019 and 2020 to guide the preparation and identification of the annual AEC priorities by sector.
2. The Addendum contains additional information and further clarifies some elements of the AP guidelines and procedures based on the decision of the SEOM Retreat on 12 January 2021 following their discussion on (i) action lines of housekeeping matter, in particular the signing and ratification of Agreements; and (ii) the dropping or withdrawal of an annual priority.

Housekeeping Matters

3. Reference is made to the section on “Annual Priorities and Housekeeping Issues” of the Updated 2021 AP Guidelines. Further elaboration and guidance on paras 18 and 19 of the Updated 2021 AP Guidelines is made in the subsequent paragraphs 4 to 7.
4. To ensure the timely entry into force of economic agreements, the completion of the legal formalities to put these agreements and related documents (e.g. schedule of commitments and reservation lists) into effect shall be continually tracked. The ASEAN Secretariat shall separately monitor the progress of the signing and ratification, and entry into force of the economic agreements and related documents. Further to this, the status/progress shall be submitted/reported and presented to the Ministers at their regular meetings.
5. In line with the above directive, a separate list¹ of (i) economic agreements/arrangements that have been concluded/agreed/finalized by sectoral bodies for signing and/or ratification, and (ii) AMS schedule of commitments or reservations for acceptance or endorsement by other AMS will be prepared by the ASEAN Secretariat to track AMS compliance to their legal formalities’ commitment.
6. The said list shall be used to inform and monitor: (i) status of AMS signing or ratification of economic agreements or (iii) status of AMS’ endorsement of SOCs or reservations of other AMS.
7. The ASEAN Secretariat shall prepare the template and issue the initial list based on information taken from the 2020 Annual Priorities Final Implementation Status (as of 31 December 2020). Sectoral bodies must update the list of economic agreements under their purview that have not entered into force and status of compliance by country.

¹ This is a separate list from the Annual Priorities.

Annual Priorities Dropped or Withdrawn

8. With reference to section “Annual Priorities Not Completed in the Preceding Year” of the Updated 2021 AP Guidelines. The following paragraph 9 provides further clarification on paras 20 to 23 of the AP Guidelines.
 9. Appropriate/reasonable explanation or justification should be provided by sectoral bodies in case of (i) withdrawal or dropping of an annual priority from the AP list, or (ii) a decision not to carry-over to succeeding year AP’s not completed during the year. Such decision should be submitted for consideration of their Senior Officials and/or Ministers responsible for their sector².
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² For sectors under the purview of AEM/SEOM the dropping or withdrawal of an annual priority shall be submitted to the Senior Economic Officials and the Economic Ministers, for their consideration.