

Central project evaluation – executive summary

Promotion of Competitiveness within the Framework of the Initiative for ASEAN Integration (COMPETE)

Title	Promotion of Competitiveness within the Framework of the Initiative for ASEAN Integration (COMPETE)		
Country/region/global	Southeast Asia: Cambodia, Laos, Myanmar and Viet Nam		
Sector and creditor reporting system code	33130 – Regional trade agreements		
Project number	2017.2132.3		
Commissioning party	German Federal Ministry for Economic Cooperation and Development (BMZ)		
Lead executing agency	Association of Southeast Asian Nations (ASEAN)		
Development cooperation programme	Not applicable		
Project value	EUR 3,997,188		
Project term	September 2018 – October 2022		
Reporting year CPE	2023	Sample year CPE	2019

Context of the project

After the 1997 Asian financial crisis, the Association of Southeast Asian Nations (ASEAN) pursued closer regional economic integration.

- In 2000, the Initiative for ASEAN Integration sought to close the development gap between, on the one hand, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, and, on the other, Cambodia, Laos, Myanmar and Viet Nam (the CLMV countries).
- In 2003, ASEAN announced the establishment of an ASEAN Economic Community, including the creation of 'a single market'.
- In 2008, ASEAN adopted a new Charter offering a binding 'legal and institutional framework for ASEAN [and] committing to enhanced regional cooperation and integration'.
- In 2008, ASEAN also adopted the ASEAN Economic Community Blueprint (AEC BP), which laid down 'the characteristics and elements of the ASEAN Economic Community ... which each ASEAN member country shall abide by and implement by 2015'.
- In 2015, ASEAN approved an update of the ASEAN Economic Community Blueprint – extending its reach to 2025 – to create 'a networked, competitive, innovative and highly integrated ASEAN'.

- ASEAN translated the Blueprint's commitments on competition policy into the ASEAN Competition Action Plan (ACAP) 2016–2025.

The Initiative for ASEAN Integration – to which COMPETE is accredited – forms the institutional anchor of COMPETE. The ASEAN Economic Community Blueprint 2025 and the ACAP constitute its policy anchors within ASEAN.

Figure 1: ASEAN member states and motto



Source: mapchart.net, ASEAN Secretariat

Brief description of the project

Problem analysis

GIZ observed a lack of knowledge, skills, strategies and action plans in the CLMV countries to implement and steer the implementation of the ASEAN Economic Community Blueprint 2025 and the ASEAN Competition Action Plan.

Objective

COMPETE set out to help the CLMV countries successfully implement the ASEAN Economic Community Blueprint 2025 and the ACAP, thus helping to forge an effective competition policy practice and promote trade in services.

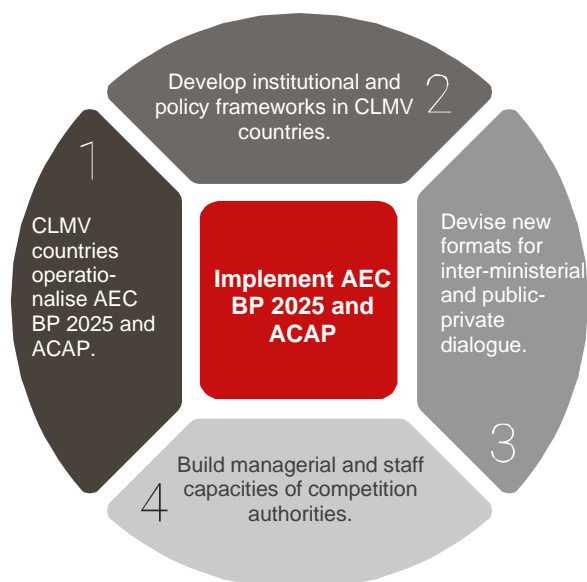
Workstreams, instruments and budget

The project sought to contribute in four ways – by:

- supporting the CLMV countries to lead the operational planning of the Blueprint and the ACAP,
- assisting in developing the requisite national policy and institutional frameworks,
- formulating and implementing new formats for inter-ministerial and public-private dialogue, and
- developing the requisite managerial and staff competencies and skills.

COMPETE assisted by providing advice, offering consultancy services, organising study visits and covering meeting/conference costs. The overall budget was just under EUR 4 million.

Figure 2: Project objective/areas of intervention



Assessment according to DAC criteria

Relevance

Alignment with policies and priorities

The German Government's Indo-Pacific Guidelines are clear: 'Germany has a high [political and economic] interest in participating in Asia's growth dynamics and the shaping of the Indo-Pacific arena.' They single out ASEAN as a key institution and counterweight to China, and calls for 'strategic and intensified engagement'. Development cooperation and COMPETE offer one means.

Formally, the CLMV countries are committed to the ASEAN Economic Community, competition policy and trade in services. In practice, their commitment is feeble, as evidenced by the lack of political support, authority and resources vested in their competition authorities and their procrastination on trade in services liberalisation to protect domestic markets, economic interests and political power.

Needs and capacities of beneficiaries

The competition authorities' capacity is low. They rely on external assistance to progress in building the institutional and policy frameworks on competition policy. The Cambodia and Viet Nam competition authorities expressed a relatively well-articulated vision for support. This was in contrast to the countries' trade departments, which did not.

Appropriateness of the design

COMPETE assumed that the CLMV countries were on a path towards implementing the competition policy and trade in services agendas of ASEAN. It failed to recognise and respond to the political nature of competition policy and trade in services, or the facts that both are contested and bargained over, and that it is critical to foster political and policy dialogue to mobilise a broad coalition of stakeholders in support of these agendas.

Adaptability – response to change

The project team responded swiftly to help its partners work online during the COVID-19 pandemic. It did not act on the abovementioned political reality of feeble political support.

Coherence

Internal coherence

COMPETE was part of a 'family' of four GIZ projects supporting ASEAN in general and the CLMV countries specifically on regional economic integration. In their design and orientation, these projects were internally coherent.

With a few minor exceptions, these projects were nevertheless implemented in parallel, as each had their own project partners and outcome indicators. Importantly, COMPETE did not seize the opportunity to work with a multi-donor governance programme in Laos to engage in political dialogue with the Lao Government on competition policy.

External coherence

COMPETE worked closely with the Australia and New Zealand-funded Competition Law Implementation Project, offering complementary assistance to the competition authorities of the CLMV countries. COMPETE also ensured that its direct target groups could participate in training and events organised by other development partners.

COMPETE maintained open communication channels with other development partners and organised a regular development-partner meeting on the sidelines of the ASEAN Expert Group on Competition – a sectoral working body of ASEAN.

Photo 1: The art of doing (© Conor Wall, courtesy of GIZ)



Effectiveness

Achievement of (un)intended objectives

COMPETE helped the competition authorities in the CLMV countries start translating their national competition laws into institutional and policy frameworks and build staff capacity. The institutional framework remains incomplete, and a competition policy 'practice' is yet to emerge. The project was unable to attain its targets (including the first indicator – see Figure 3 – which was attained nominally but not in substance). The evaluation found no unintended results.

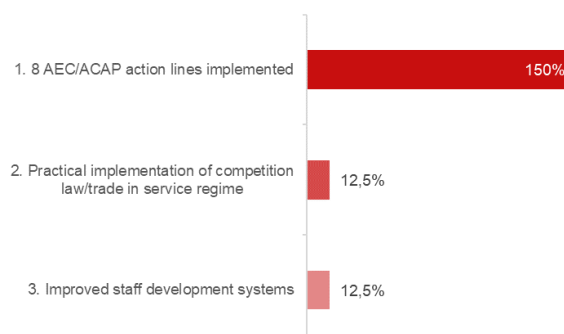
Contribution to achievement of objectives

To the extent that institutional and staff capacities were built, COMPETE did contribute by providing access to external experts, who prepared ASEAN-level reference documents, drafted decrees and regulations, and provided on- and off-the-job training. The project also enabled the participation of CLMV representatives in study visits and international meetings. COMPETE's theory of change did not hold up in practice, as the CLMV countries had neither the imperative nor the capacity to lead.

Quality of implementation

The project team possessed deep knowledge of and experience in competition policy, ASEAN and Southeast Asia, and built on this intuitively. It recognised that the introduction of competition policy represents a change process but did not explicate and test its own assumptions to actively steer the project through this process. While the project involved key ASEAN bodies, it did not forge broad coalitions within the CLMV countries.

Figure 3: Achievement of the project's objective indicators



Impact

Higher-level development results and COMPETE's contribution

The CLMV countries still need to start enforcing their competition laws and building a competition policy practice. The political economy in the CLMV countries does not favour the emergence of an active and effective competition policy practice. The chances of consumers benefiting from cheaper and better-quality products and services thanks to an effectively enforced competition policy are slim.

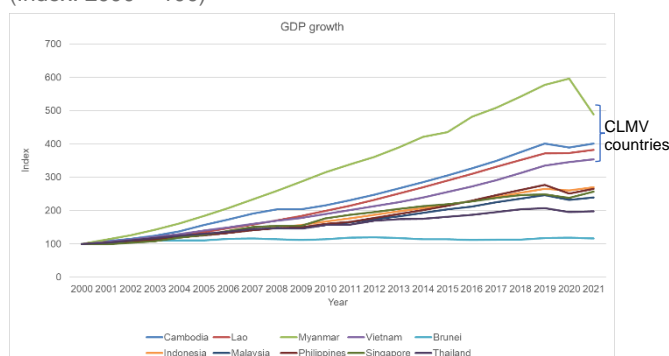
If, despite the odds, the CLMV countries do proceed with building an effective competition policy practice, COMPETE will have made an important technical contribution to the competition authorities' ability to execute their mandate.

Trade in services increased significantly over the last 20 years on the back of economic growth and subsequent rounds of trade liberalisation under, among others, the ASEAN Framework Agreement on Services. COMPETE did not contribute to these developments.

Narrowing the development gap

COMPETE was part of the Initiative for ASEAN Integration, whose overall objective was to narrow the development gap between the CLMV countries and the other six, richer, member states. While COMPETE did not contribute to this aim, the CLMV countries are catching up, as indicated by the cumulative GDP growth since 2000 of all ASEAN member states (see graph below).

Figure 4: Cumulative GDP growth of ASEAN members (Index: 2000 = 100)



Source: World Bank DataBank World Development Indicators

Efficiency

COMPETE spent roughly 80 per cent of its time and budget on competition policy and 20 per cent on trade in services. This was valid, as there was both more demand and, partly, more momentum in the competition policy arena.

As noted, competition policy and trade in services are quintessentially political topics that require political buy-in. While there was, nominally, political support, in practice, it left much to be desired. Still, COMPETE took a mostly technical approach, assuming that the presence of institutional and policy frameworks on competition policy would herald a competition policy practice.

COMPETE could have used its third output area – the formulation and implementation of new formats for inter-ministerial coordination and public-private dialogue, which it did not pursue owing to the COVID-19 pandemic – as a stepping stone to embed the project and its efforts in political and policy dialogue, helping to build a broad coalition in support of an active competition policy practice.

While there was (and is) no guarantee of success for such a political engagement – especially given the CLMV countries' difficult, partly contrarian, political economies – there was (and is) no way around it, as it constitutes a *sine qua non* for building both an institutional and a policy framework and pursuing an effective competition policy practice and trade in services regime.

By allocating more resources to its third output area, thereby working on gaining and fostering political support, COMPETE could potentially have achieved better results. At the same time, greater political buy-in and resource allocation from the CLMV countries' governments to the implementation of the competition policy and trade in services agenda would have allowed COMPETE to achieve the same (and probably better) results with fewer resources.

Sustainability

Contribution to and prevalence of capacity

COMPETE directly contributed to developing parts of the institutional and policy frameworks for competition policy in the CLMV countries, as well as building the capacity of the competition authorities and empowering national experts. The institutional and policy frameworks remain incomplete, however.

Political support is weak, as, although the countries do promote economic growth, investment and trade, they do not necessarily believe in competition, and competition policy can undermine vested interests and power structures. Politically induced changes in the leadership and staffing of the competition authorities could easily erode the gains made.

Durability of results

While ASEAN and free-trade agreements offer some counterweight, they are not strong enough to ensure that the CLMV countries will pursue an active competition policy practice or promote trade in services. All in all, COMPETE's results and the prevalence of a competition policy practice rests on a weak and fragile base.

The CLMV countries' focus on economic growth, investment and trade and their pursuit of free-trade agreements will keep trade in services on the agenda and guarantee gradual progress.

Photo 2: Dove of Peace, Phnom Penh (© Geert Engelsman, 2022)



Overall rating

COMPETE helped the competition authorities in the CLMV countries progress in implementing their mandate and, to its credit, mobilised recognised international and – importantly – national experts. The evaluation nevertheless rates the project as (moderately) unsuccessful in its development effectiveness for four, partly interrelated, reasons:

- The institutional and policy frameworks on competition policy in the CLMV countries remain incomplete and the countries have yet to start a real competition policy practice. Impacts on trade in services were negligible.
- The project insufficiently recognised the political nature of competition policy and did not embed its work in political and policy dialogue to test and foster support.
- While coherent in design, COMPETE did not exploit its sister GIZ projects to foster competition policy and trade in services.
- The incomplete institutional and policy frameworks, the lack of checks and balances, one-party rule, and strong links between the political and economic elites put the sustainability of COMPETE's results on a weak and fragile base.

Table 1: Rating of OECD DAC evaluation criteria

Criteria	Score (max. 100)	Rating 1 (highly successful) to 6 (highly unsuccessful)
Relevance	60	Level 4: moderately unsuccessful
Coherence	70	Level 3: moderately successful
Effectiveness	55	Level 4: moderately unsuccessful
Impact	30	Level 5: unsuccessful
Efficiency	50	Level 4: moderately unsuccessful
Sustainability	45	Level 5: unsuccessful
Overall	52	Level 4: moderately unsuccessful

Conclusions and factors of success/ failure

In his reflections on the political economy of policy reform in Southeast Asia, the academic Hal Hill observed that successful policy reform in the region required a crisis, ideas and enablers. These elements were present after the 1997 Asian financial crisis. In the subsequent 10 years, ASEAN launched the Initiative for ASEAN integration, instigated the ASEAN Economic Community and adopted the ASEAN Charter.

The CLMV countries adopted competition laws in no small measure to fulfil, at least nominally, the ASEAN Economic Community requirements. As Matt Andrews aptly summarised in his analysis of the limits of institutional reform in development, ‘reforms are often introduced as “signals” ... to gain legitimacy. The intention is to make government look better, not to make government better.’

The evaluation’s findings raise the question whether supporting competition policy and trade in services is the best means to serve Germany’s ends, namely to gain a stronger geopolitical and economic foothold in ASEAN. Perhaps there are other fields of cooperation, more pertinent to ASEAN, where Germany can be more relevant and effective, both for its own sake and from a development effectiveness point of view.

The key instrument in supporting the competition authorities in the CLMV countries was external expertise. A positive aspect of COMPETE was that it mobilised recognised experts, both international and – importantly – national. A key premise of COMPETE was, however, to put the CLMV countries in the lead. In practice, GIZ led the process and the experts provided the substance.

This leads to the – seemingly contradictory – conclusion that while progress was too slow (see above), the ground-level support to the competition authorities in the CLMV countries moved too fast: the competition authorities did not have the time, within their available resources, to lead the operational planning of the ACAP and national competition laws, and thus learn by doing. From a capacity development perspective, COMPETE might have done better by working more with ‘peers’ rather than ‘consultants’.

Recommendations

- ☑ Given the CLMV countries’ limited political commitment to competition policy and trade in services, and considering BMZ’s call on partner countries to ‘deliver more’, the evaluators recommend stopping COMPETE II and redirecting resources to other collaborations with ASEAN where there is greater reform-mindedness and political will.
- ☑ If COMPETE II is discontinued, then the only exception that could be made is to continue supporting Cambodia in implementing its competition law on a bilateral basis to help it exploit the current positive momentum on competition policy reform.
- ☑ If COMPETE II is continued, a dedicated workstream should be inserted into the project, focused on fostering a political and policy dialogue around the merits and importance of competition policy to help build broad coalitions in the countries for an active/effective competition policy practice.
- ☑ If COMPETE II is continued, the mainly consultancy-driven approach should be changed to a largely peer-support one, leaving the lead for making progress squarely in the hands of the competition authorities, but empowering them by exposing them to peers with experience in overcoming the barriers faced by competition authorities in the CLV countries.
- ☑ If COMPETE II is continued, its outcome indicators should be redefined to capture actual outcomes. On competition policy, this would involve, for example, a quantitative and qualitative assessment of the number and type of competition cases that are investigated and adjudicated by the competition commissions.
- ☑ If COMPETE II is continued, support should be geared towards the actual, on-the-ground, enforcement of the competition laws, starting by focusing on just one of the three main components of competition policy: anti-competitive agreements, abuse of dominance, or mergers and acquisitions.

Approach and methods of the evaluation

This evaluation encompassed a purposeful and qualitative enquiry into the development effectiveness of COMPETE. Purposeful, because the evaluation assessed the project based on the OECD DAC evaluation criteria and the questions from the standard GIZ project evaluation matrix; qualitative, because the evaluation relied on the insights and perspectives from interviews, focus group discussions and documents for a descriptive analysis of the project's development effectiveness.

The evaluation was conducted by an external, two-person evaluation team consisting of an international evaluation specialist and a regional private sector development expert.

The evaluation team conducted a 12-day field mission to Jakarta, Hanoi, Phnom Penh and Vientiane in December 2022. During this field mission, the team interviewed representatives from the German embassies, GIZ, the project team, the ministerial departments on competition policy and trade, competition commissions, business and consumer associations, development partners, sector experts and academics.

Most key informants were purposefully selected based on their role in the project or in the sector. The evaluation team engaged with 86 people, who offered a diverse set of perspectives on COMPETE, as well as on competition policy and trade in services in the CLMV countries.

The evaluation applied a variety of data analysis techniques, including inductive, deductive, contribution and efficiency analyses. Importantly, the evaluation applied the principle of 'triangulation' across data sources and evaluators. Triangulation across data sources means that findings and conclusions rest on data that stem from different categories of key informants and/or documents. Triangulation across evaluators means that both evaluators reached the same findings and conclusions based on the collected data.

Rating system

Projects are rated based on the OECD DAC criteria of relevance, coherence, effectiveness, impact, sustainability and efficiency. Each of the six criteria is rated on a scale of 1 to 100 (percentage system).

The project's overall score is derived from the average points awarded for the individual DAC criteria. The average value for the overall score is rounded according to mathematical convention. All DAC criteria are equally weighted for the overall score. Compared with the predecessor systems (6-point scale, 16-point scale), a 100-point scale has a number of advantages in that it allows differentiation, is commonly used internationally, is easy to understand and can readily be converted into other assessment systems.

Table 2: Rating and score scales

100-point scale (score)	6-level scale (rating)
92–100	Level 1: highly successful
81–91	Level 2: successful
67–80	Level 3: moderately successful
50–66	Level 4: moderately unsuccessful
30–49	Level 5: unsuccessful
0–29	Level 6: highly unsuccessful
Overall rating: The criteria of effectiveness, impact and sustainability are knock-out criteria: if one of the criteria is rated at level 4 or lower, the overall rating cannot go beyond level 4 although the mean score may be higher.	

Both the assessment dimensions within the OECD DAC criteria and the determination of the overall score using a points system serve to increase the transparency of ratings while enabling better comparability between individual projects.

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Graphics: Stefan Oltsch

Printing and distribution:

GIZ, Bonn

Maps:

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Bonn 2023