

ANNEX ATECHNICAL AND ADMINISTRATIVE PROVISIONS

Recipient : The Association of South-East Asian Nations (ASEAN)

Project Title : ASEAN-EEC Timber Technology Programme

Executing Agency : ASEAN Timber Technology Centre (ATTC)

Project No. : NA 83/32

CHAPTER 1 - PROJECT DEFINITION

1.1 Overall objectives, location

The project is intended to help strengthen the applied research, training and technical information services available to the timber-processing industry in the ASEAN region through the establishment of an ASEAN Timber Technology Centre (ATTC) and the implementation of a coordinated regional programme of applied research in certain specific areas of timber technology.

The ATTC will be located in Kuala Lumpur but will serve the timber-processing industry and its related national research and training institutes or national and regional trade associations throughout the ASEAN region. The regional research programme to be implemented under the project will be carried out by selected national research institutes throughout the region under the overall coordination and supervision of the ATTC.

1.2 Main aims to be achieved

The project shall establish the ATTC as a regional institution capable of serving the needs of the timber-processing industry in ASEAN on a continuing basis. The ATTC will provide technical assistance in the field of timber technology to research and training institutes, trade associations and firms in the timber-processing sector, as well as undertaking itself certain training and information tasks which can best be handled at the regional level.

The project shall also provide support for a regional research programme covering aspects of timber technology necessary to promote a better utilisation of timber and the general improvement of the timber industry. This programme shall be coordinated and supervised by the ATTC with the individual national research bodies responsible for carrying out particular components of the programme. ATTC will also be responsible for collating and disseminating the results of this research programme.

1.3 Costs and financing

The cost of the project is estimated at 12 920 000 ECU of which the EEC will provide 7 500 000 ECU. The Malaysian Government, as host country, will provide in-kind inputs with an imputed value of 2 410 000 ECU while the individual ASEAN countries participating in the research programme will provide additional in-kind inputs, in line with their respective participation in this programme, with a total imputed value of 2 420 000 ECU. The ATTC during the course of the project is expected to generate revenues of 590 000 ECU.

CHAPTER 2 - PROJECT COMPOSITION

2.1 Project components

2.1.1 Establishment and operation of ATTC

The project shall provide for the establishment of the ATTC and for its operation during an initial period of 5 years.

The ATTC shall be organised under a Director into three divisions: research, training and information services. Each division shall comprise a division head, plus one or two technicians and in the case of the training division attached outside lecturers.

The respective responsibilities of the divisions are as follows:

- the research division shall be responsible for planning and coordinating the regional research programme supported by the project, for supervising the implementation of this programme and disseminating its results, and for channelling programme support to the individual research institutes responsible for executing specific components of the programme.
- the training division shall be responsible for carrying out certain higher-level training courses, as well as providing necessary guidance and support to national training institutes working at a less specialised level. The training activities to be carried out by the division shall include one-year courses aimed at converting qualified engineers and scientists into timber technology specialists and shorter courses aimed at upgrading the technical and management skills of timber-industry managers and higher-level staff. It is envisaged that the ATTC will, during the five-year period of project implementation, provide long-course training for 12 trainees per year and short-course training for 32 trainees per year.
- the information division shall be responsible for collecting, analysing and disseminating information relating to all aspects of timber technology and for providing an information service for firms, trade associations, research and training institutes and government bodies concerned with the timber industry.

The inputs required for the establishment of the ATTC shall include:

- land and buildings necessary for the establishment of the ATTC
- equipment, including office, training and data-handling equipment, plus two saloon cars
- professional staff, including the Director of the ATTC, 3 division heads and 5 technicians, plus local lecturing staff for the training division

- other operating costs including non-professional staff, services, maintenance, and travel and coordination costs
- scholarships for trainees attending courses provided by the ATTC amounting to 1 200 man/months in total over the 5 years of project implementation (approx. 840 man/months for long-course training and 360 man/months for short-course training)
- long-term technical assistance comprising counterpart advisors to the ATTC's Director and the 3 division heads (14 man/years in total) plus expatriate lecturing staff for the training division (approximately 5 man/years in total).

2.1.2 Regional research programme

The project shall also make provision for a regional research programme in certain fields of timber technology to be implemented by various national research bodies within ASEAN.

The inputs required for this component of the project shall include:

- specialised technical and scientific equipment required to strengthen the facilities available for the specific actions envisaged under the regional research programme
- short-term technical assistance required to assist in the detailed planning and implementation of the research programme (of the order of 80 man/months in total)
- regional and international scholarships required to strengthen specific skills of the key national-institute research personnel involved in the research programme (of the order of 100 man/months in total)
- local staff, facilities, materials and other operating costs.

2.2 Financial contributions

2.2.1 EEC grant

The EEC grant will cover,

- in respect of ATTC: the entire cost of equipment and technical assistance; approximately 75% of the cost of professional ASEAN staff and scholarships; approximately 25% of the cost of the buildings component; and the travel and coordination components of other operating costs.

The EEC contribution towards the cost of professional ASEAN staff and scholarships shall be made on a declining basis; 100% of the cost of this component in years 1 to 3; 50% in year 4; and 25% in year 5.

- in respect of the regional research programme: the entire cost of specialised technical and scientific equipment, short-term technical assistance, and regional and international research scholarships.

2.2.2 Government of Malaysia

The Government of Malaysia, as host country for the project, shall provide the land necessary for the establishment of the ATTC, and cover the remaining costs of the building component and all other operating costs of the ATTC. In addition, the government shall cover all local costs (staff, facilities, materials and other operating costs) of that part of the regional research programme to be implemented in Malaysia.

2.2.3 ATTC

The ATTC shall from its own revenues cover the remaining costs of professional staff and scholarships, on an increasing basis rising from 0% in years 1 to 3 to 50% in year 4 and 75% in year 5. These revenues shall be generated by the ATTC from training courses or other services and such additional financial support as may be available from other sources.

2.2.4 Other ASEAN member-countries

Each individual ASEAN member-country shall be responsible for all local costs (staff, facilities, materials and other operating costs) of those parts of the regional research programme to be implemented in their countries.

2.3 Time schedule

The project is funded for a period of 5 years commencing from the signature of this Agreement.

2.4 Implementing authorities

The project will be implemented by the ATTC, under the direction of a Project Steering Committee (PSC) appointed by and reporting to the ASEAN Committee on Food, Agriculture and Forestry (COFAF).

The Director of the ATTC shall act as project manager and controller of EEC funds and shall be responsible to the PSC for the implementation of the project, including both the establishment and operation of the ATTC and the planning and supervision of the regional research programme.

He shall also be guided by an Advisory Panel appointed by the PSC and comprising representatives of national research and training institutions and the main national and regional trade associations.

2.5 Cost estimates and summary of financial contributions

	EEC	Malaysia	ATTC	(Million ECU) ASEAN Member-countries	Total
1) <u>ATTC</u>					
Land	-	0,93	-	-	0,93
Buildings	0,25	0,74	-	-	0,99
Equipment	0,75	-	-	-	0,75
Professional staff	1,19	-	0,40	-	1,59
Other operating costs	0,28	0,74	-	-	1,02
Scholarships	0,56	-	0,19	-	0,75
Technical assistance	2,25	-	-	-	2,25
Sub-total	5,28	2,41*	0,59	-	8,28
2) <u>Research Programme</u>					
Equipment, technical assistance & scholarships	2,22	-	-	-	2,22
Staff, facilities, materials & other operating costs	-	-	-	2,42	2,42
Sub-total	2,22	-	-	2,42	4,64
TOTAL	7,50	2,41*	0,59	2,42	12,92

* This does not include the Malaysian contribution to the local costs of the research programme, which is included under column 4.

2.6 Implementation and procurement procedures

2.6.1 General

- 2.6.1.1 To initiate the project, the host country (Malaysia) shall prepare a work plan for the establishment and operation of the ATTC covering, inter alia, cost estimates, procurement schedules, financial regulations and terms and conditions of service of appointed ATTC staff, and the detailed terms of reference for the long-term consultants. This work plan shall be approved by the PSC and submitted to the Commission for agreement to the release of EEC funds.

2.6.1.2 During the first year of project implementation, the Director of ATTC shall prepare with the assistance of the consultants the detailed work plan for the approval of the PSC, covering:

- for the establishment and operation of the centre, detailed cost estimates, procurement procedures and cash flows;
- for the activities to be carried out under the regional research programme, the content and objectives of the overall programme, the individual national research institutes responsible for implementing each component, and the detailed objectives, cost estimates, procurement schedules, cash flows, and technical assistance terms of reference for each project within the programme;

This approved work plan shall be submitted to the Commission for agreement to the release of EEC funds.

2.6.1.3 At the end of the first and subsequent years of project implementation, the Director shall provide the PSC and the Commission with an annual report on project achievements and an updated work plan for the approval of the PSC and for submission to the Commission for agreement to the release of the EEC funds.

2.6.1.4 Within the framework of these agreed workplans, the Director shall be responsible for :

- preparing tender documents, obtaining tenders and quotations and placing orders after tender evaluation
- certifying acceptance of works and supplies and certifying payment orders
- negotiating and concluding contracts for technical assistance services and scholarships, and certifying payments under these contracts
- preparing half yearly progress reports for the PSC and the Commission covering the activities of the project and completion reports on each research project.

2.6.2 Financial

2.6.2.1 The ATTC shall establish an external account with a local bank to receive funds provided by EEC. Separate accounts shall be established to receive such other revenues or funds as may be generated or received by the ATTC. All ATTC accounts shall be audited by the Auditor General Malaysia whose reports shall be submitted to the PSC and the Commission.

2.6.2.2 On the basis of the workplans and cost estimates established under Article 2.6.1.1 an advance payment of EEC funds equivalent to one half of the estimated expenditures for the first year shall be paid by the Commission at the request of the Director.

2.6.2.3 Requests for further transfers of EEC funds shall be made on the basis of audited statements of account to the Delegation of the Commission in Bangkok.

To ensure adequate funds are at the disposal of the Director unaudited financial statements may be made quarterly. These unaudited statements will be reconciled with the next audited report.

2.6.2.4 At the beginning of the second and subsequent years of project implementation, the initial advance referred to above shall be increased (through the provision of a supplementary advance) or decreased (through recovery from subsequent payment requests) so as to be reconstituted at a level equivalent to one half of the estimated expenditure for that year. The advance thus reconstituted and outstanding at the beginning of the final year shall then be recovered by deductions in such a fashion as to ensure that it is fully recovered prior to the termination of the project.

2.6.2.5 For those expenditures involving direct payments to European suppliers of goods, works or services the Director may request the Commission to make payment directly.

2.6.3 Procurement

Works and supplies financed under the EEC grant shall be procured by international or local tender, international or local calls for quotation, or mutual agreement. Rules for the choice of procedure according to the size or nature of procurement contracts shall be laid down in the first annual workplan referred to in Article 2.6.1.1 and subject to Commission approval.

Long-term technical assistance financed under the EEC grant shall be recruited after inviting proposals from each firm included on a shortlist to be proposed by the Commission. The selection and recruitment of consultants shall be carried out by the ATTC, using the general conditions of contract of the Commission, and after obtaining the approval of the Commission on the choice of consultants and the draft contracts.

Short-term technical assistance services financed under the EEC grant shall be recruited following a procedure to be established in the first annual workplan referred to in Article 2.6.1 and subject to Commission approval.

3. SPECIAL CONDITIONS

3.1 The Director of the ATTC shall be appointed on the recommendation of the PSC after having the agreement of the Commission based on the qualifications and experience of the proposed candidate. The appointment of the division heads of the ATTC shall be approved by the PSC on the recommendation of the Director.

3.2 During the 4th year of project implementation the PSC shall advise the Commission of the detailed financial and institutional measures it proposes to take to ensure the continued operation of the ATTC after the 5th year of the project.

ANNEX B

ARBITRATION

- A. Any dispute between the parties to the Agreement which is not settled by applying the procedures laid down in Article 19 of the Agreement, shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.
- B. The parties to such arbitration shall be THE RECIPIENT on the one side and THE COMMISSION on the other side.

The Arbitral Tribunal shall consist of three arbitrators appointed as follows:

- one arbitrator shall be appointed by THE RECIPIENT;
- a second arbitrator shall be appointed by THE COMMISSION;
- the third arbitrator (hereinafter sometimes called "THE UMPIRE") shall be appointed by agreement of the parties or, if they shall not agree, by the Secretary-General of the United Nations.

If either side fail to appoint an arbitrator, such arbitrator shall be appointed by THE UMPIRE.

Should any arbitrator appointed in accordance with this section resign, die or become unable to act, another arbitrator shall be appointed in the same manner as the arbitrator whose place he takes; such successor shall have all the powers and duties of the original arbitrator.