

ORIGINAL

Addendum N° 1 to
Financing Agreement N°
ASIE/2004/016-861

***ADDENDUM N° 1 TO
FINANCING AGREEMENT***

between

THE ASSOCIATION OF SOUTH EAST ASEAN NATIONS (ASEAN)

and

THE EUROPEAN COMMUNITY

"ASEAN Centre for Biodiversity"



Handwritten signature and date: 24.11.93

ADDENDUM N° 1 TO FINANCING AGREEMENT N° ASIE/2004/016 861

The European Community, hereinafter referred to as "**the Community**", represented by the Commission of the European Communities, hereinafter referred to as "**the Commission**",

of the one part, and

The Association of Southeast Asian Nations (ASEAN) hereinafter referred to as hereinafter referred to as "**the Beneficiary**", represented by the Secretary-General of ASEAN.

of the other part,

have agreed as follows:

The following provisions of Financing Agreement N° ASIE/2004/016861 "ASEAN Centre for Biodiversity" concluded between the Commission and the Beneficiary on 21 April 2005 are hereby amended as follows:

SPECIAL CONDITIONS - Article 4: PERIOD OF EXECUTION

The period of execution of the financing agreement shall commence on the entry into force of the financing agreement and end at 31 December 2011. This period of execution shall comprise two phases: an operational implementation phase which shall commence on the entry into force of the financing agreement and end at 15 November 2010. As from this date shall commence the closure phase, which shall end at the end of the period of execution.

ANNEX II: TECHNICAL AND ADMINISTRATIVE PROVISIONS

ANNEX II, Technical and Administrative Provisions, is amended as shown in the revised Annex II attached to this Addendum.

All other terms and conditions of the Financing Agreement remain unchanged. This addendum shall enter into force on the later date of signature by the Parties.

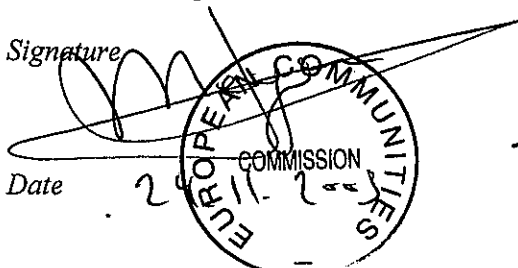
Done in three original copies in the English language, two copies being handed to the Commission and one to the Beneficiary.

FOR THE COMMISSION

Dirk Meganck
Director
Directorate D, Asia and Central Asia
EuropeAid Cooperation Office

Signature

Date

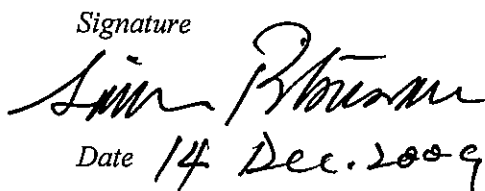


FOR THE BENEFICIARY

Dr. Surin Pitsuwan
Secretary-General
ASEAN

Signature

Date



Handwritten scribbles and marks at the bottom left of the page.

**Attachment to Addendum N° 1 to Financing Agreement
N° ASIE/2004/16861**

REVISED ANNEX II

**TECHNICAL AND ADMINISTRATIVE PROVISIONS
(for centralised projects)**

Beneficiary: Participating ASEAN Member Countries¹

Title: ASEAN Centre for Biodiversity

Project No.: ALA/04/016-861

¹ Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Singapore, The Philippines, Thailand and Viet Nam

SP
W

Table of Contents

1. OBJECTIVE

- 1.1 Overall Objective
- 1.2 Project Purpose
- 1.3 Main Results

2. PROJECT DESCRIPTION

- 2.1 Activities
- 2.2 Time Schedule
- 2.3 Location
- 2.4 Logical Framework

3. ADMINISTRATIVE PROVISIONS

- 3.1 Implementation Modalities
- 3.2 Inputs
- 3.3 Contribution Details
- 3.4 Project Cost and Financing
- 3.5 Mobilisation of the Project Budget
- 3.6 Planning and Reporting
- 3.7 Monitoring and Evaluation
- 3.8 Donor Co-ordination

4. SPECIAL CONDITIONS

AP
KLS

Attachment 1: Logical Framework

1. Objectives

1.1 Overall Objectives

The Overall Objective of the project is to encourage and enable the ASEAN region to meet the call by the World Summit on Sustainable Development to achieve a significant reduction in the rate of biodiversity loss by 2010.

1.2 Project Purpose

The Purpose of the project is to achieve strengthened regional capacity on biodiversity in ASEAN. This will be done by promoting the exchange of relevant knowledge, thus helping national, intra-ASEAN and international needs and commitments to be fulfilled in terms of retrospective monitoring and early warning systems, while facilitating greater investment in the biodiversity sector within ASEAN.

1.3 Main Results

Six main results are expected:

1. The ASEAN Centre for Biodiversity (ACB) established, resourced and functioning as a regional centre of excellence (policy and capacity development, awareness raising, links with International donor community).
2. Enhanced policy collaboration benefiting from state-of-the-art monitoring and early warning instruments on biodiversity in the ASEAN region.
3. Strengthened, state-of-the-art capacity (human and institutional) on regional and global biodiversity issues.
4. Improvement of digital knowledge management capacity.
5. Enhanced leadership and public awareness in the region of biodiversity issues, values and conservation needs.
6. Planning, establishment and endowment of a sustainable financing mechanism for the ACB.

The first result reflects ASEAN's determination to take advantage of the achievements of the five-year ARCBC project, and its extension during 2004, to launch a successor institution directly and to establish the ACB as a legal entity. The second, third, fourth and fifth results all involve 'learning by doing' in ways that will help build ACB's capacity while providing useful services to ASEAN stakeholders. The final result envisions a co-financing arrangement between ASEAN and the international community to establish an endowment fund, the revenues of which are sufficient to meet the core funding needs of ACB indefinitely. This is modelled on the arrangements used to establish the ASEAN Centre for Energy.

MP
WS

2. Project description

The ASEAN Centre for Biodiversity (ACB) is a continuation and development of the ASEAN Regional Centre for Biodiversity Conservation (ARCBC), stakeholder-beneficiaries of which are: (a) ASEAN Member Country (AMC) institutions responsible for conservation, management and sustainable use of biodiversity, or for managing knowledge on these subjects, (b) supra-national intergovernmental entities that look to those institutions for results at a regional level, including the ASEAN Secretariat, and (c) other state and non-state actors of AMCs who look to those institutions for national services, including educators, journalists, planners, decision makers, researchers, NGOs, ecotourism operators, bio-prospectors, local communities and the public.

The problem to be addressed is the lack of a sustainable institution to strengthen the capacity of AMCs to formulate and co-ordinate biodiversity-related policy, strategy and action, to fulfil relevant treaty obligations, and to promote and advance common positions on matters related to biodiversity conservation, management and sustainable use.

After the ACB will have been established as a legal entity, the project will complete the process of establishing a fully-operational and sustainable ASEAN institution to promote the conservation, management and sustainable use of biodiversity in the ASEAN region. It will therefore support three kinds of processes. First, the ACB will enter the new project as an autonomous international institution via a Contribution Agreement with the EC, having absorbed the remaining functions and assets of ARCBC Phase 1. The ACB will be directly under the auspices of ASEAN, and governed by a board comprising senior representatives of each AMC and the ASEAN Secretariat. The new ACB will be headquartered in the Philippines, and the Philippines being the host country. The EC shall have an observer status in the board.

The second process will allow the ACB to provide a range of services to, and undertake a variety of capacity-building measures with, participating AMCs and in many cases particularly their Clearing House Mechanisms (CHMs) under the Convention on Biological Diversity. These services will be delivered in an integrated way by ACB divisions dedicated to collective policy development and coordination, human and institutional capacity development and training, digital knowledge management capacity development and data sharing, and public and leadership awareness-raising, supported by a division concerned with administration and finance.

The third kind of process will establish a Sustainable Financing Mechanism (SFM) for the ACB. Throughout the project, the Project Director, assisted by a full-time special assistant for fund-raising and supported by the sustainable financing sub-committee of the PSC, will coordinate efforts to endow the ACB with long-term funding commitments sufficient to sustain core elements of the institution indefinitely. Options will be reviewed during the project and a decision taken by the ACB Governing Board on the most suitable SFM. That having been done, the SFM will be planned in detail, necessary legal steps taken to establish it, and an asset portfolio assembled between participating AMCs and the international donor community, and managed so that the core operating costs of the ACB are met year-on-year indefinitely. This long-term approach to ACB financing reflects the long-term nature of the challenges to be addressed by the ACB and the participating AMCs, which are to do with resolving conflicts between numerous aspects of socioeconomic development and the survival of the biodiversity resources of the ASEAN region.

2.1 Activities

DP
WS

2.1.1 Establishing the ACB and planning its institutional development

- Within the first six months after signing of the FA, the agreement to establish ACB as an ASEAN institution will be reviewed by ASEAN stakeholders and submitted to the relevant ASEAN bodies for approval. After the first six months or earlier, the ACB Governing Board appoints the ACB Executive and authorizes recruitment of the Project Director, a Finance and Administration Officer and Assistant Directors. The Governing Board shall authorise the preparation of an Institutional Development Plan (IDP). International TA supports the ACB Executive in preparing the IDP.

2.1.2 Policy development and coordination

- Studies will be commissioned on key strategic policy issues relevant to biodiversity.
- Guidelines and conclusions of the policy development workshops will be published.
- Workshops will be held to promote and advance common positions among AMCs on matters related to biodiversity.

2.1.3 Promoting human and institutional capacity

- Stakeholders in AMCs will identify gaps and needs in human and institutional capacity for policy promotion and implementation.
- Identified capacity development needs will be met through development of common professional competence and performance standards, preparation and distribution of training and development tools.
- Regional centres of good practice will be identified for key policy areas and resources provided.
- A programme to build capacity among ACB staff (and hosts of de-concentrated functions if appropriate), will be developed and implemented.

2.1.4 Promoting digital knowledge management capacity

- Regional data analyses will be developed as a service to AMCs and ASEAN.
- Reporting requirements and standards will be harmonized between and among participating AMCs and ACB.
- Stakeholders in AMCs will identify gaps and shortcomings in digital capacity.
- AMC priorities will be met through courses, exchange visits and study tours within ASEAN and EU.

2.1.5 Enhancing public and leadership awareness of biodiversity issues

- Market research to identify relevant messages, target audiences and effective channels for communication.
- Basic explanatory materials, Quarterly publication and wider distribution of *ASEAN Biodiversity* magazine, production of videos, posters, leaflets, booklets, newspaper advertisements, Web site etc.
- Representation by ACB at regional conferences.

20
1/5

2.1.6 Establishing a sustainable financing mechanism for ACB

- An implementation plan for an SFM will be prepared.
- Necessary legal steps will be taken to establish the SFM.
- The SFM is endowed with an asset portfolio assembled between participating AMCs and the international donor community.
- SFM managers arrange a suitable distribution of investments on behalf of the Trustee, so that the operating costs of the ACB are met year-on-year indefinitely.

2.2 Time Schedule

The first six months of the operational implementation phase will include an inception phase to confirm the content and specific locations of each project activity, to draw up a detailed timetable for implementation and to constitute the ACB. Should the establishment of the ACB been completed before the end of the first six months, the contribution agreement phase shall immediately commence until the end of the 66 ½ months operational implementation phase.

The last six months of the operational implementation phase will be dedicated to phasing out activities and to preparing for the post-project situation. This phase will be entered with the review of the Draft Implementation Plan for the ACB sustainable financing mechanism by the Project Steering Committee/ACB Governing Board, which will activate a series of measures to establish the SFM. These will include necessary legal steps (e.g. the constitution and appointment of the Trustee), appointment of fund managers and auditors, and the consolidation of donated assets from participating AMCs and the international donor community into the endowment of the SFM.

2.3 Location

The project will be implemented in all the participating AMCs. The location of ACB headquarters will be in the Philippines. It is envisioned at present that the function of ACB headquarters will be taken up, at least initially, by the existing facilities of the ARCBC at UPLB in the Philippines. It should be noted that, although there is a political consensus in favour of ACB being headquartered in the Philippines, stakeholders generally endorse the principle of functional deconcentration and 'ASEANization' of ACB. Location of functional branches in several ASEAN countries would make it easier to diversify the staffing of the system as a whole, and may increase efficiency and effectiveness.

2.4 Logical Framework

The initial Logical Framework for the project is annexed as Attachment 1. This may be updated or adapted in the Work Plan, to which it will then be annexed, without necessitating an amendment to the Financing Agreement.

3. Administrative provisions

3.1 Implementation modalities

3.1.1 Institutional Organisation

MP
4/3

The project will be executed through a Financing Agreement (centralised management) between the European Commission and the ASEAN represented by the Secretary General of ASEAN. Within six months after the signature of the FA, a Contribution Agreement applicable for International Organisations will be concluded between the EC and the legally established ASEAN Centre for Biodiversity (ACB). Should the ASEAN fail to establish the ACB as a legal entity and the necessary conditions, the EC funds will be de-committed and no Contribution Agreement shall be concluded between the EC and the ACB.

The following components are deemed essential in the establishment of the ACB as an International Organization: (1) appointment of a Governing Board comprising senior representatives of each AMC and the ASEAN Secretariat; (2) opening of an individual bank account for ACB for the EC funds to be received; (3) establishment of a host country agreement as the ACB will be headquartered in the Philippines; (4) its statutes should mention that it is set up as an international institution set up by intergovernmental agreement of ASEAN countries, themselves being members of it (5) it should be recognized as an international institution by the ASEAN Member Countries (6) the Organisation uses accounting, auditing, control and procurement procedures equivalent to international accepted standards.

3.1.2 Project Steering Committee

- (a) The Commission will establish a Project Steering Committee (PSC) with responsibility for policy guidance and co-ordination between all institutions and groups involved in the project.
- (b) The PSC will meet twice a year and will assist the Commission by reviewing the six-monthly reports submitted by the ACB.
- (c) The PSC will also assist in facilitating overall project implementation.
- (d) The PSC will be chaired by a Commission Representative and membership will include representatives of the participating AMC.

3.1.3 Tasks

- a) The Commission will, in particular, sign a Contribution Agreement with ACB to undertake the following tasks:
 - 1. Prepare work plans and reports for review by the Project Steering Committee;
 - 2. Ensure the management of all financial, personnel and administrative affairs;
 - 3. Execute the activities in accordance with EC procedures;

3.2 Inputs

pp
4/5

Financial resources to carry out the activities in the Contribution agreement (E.g. computer and data base equipment, publications and other diffusions materials, vehicles, etc.) and to endow the SFM.

3.3 Contribution Details

The EC funds will be merged with the funds coming from participating AMCs.

- (a) The participating AMCs will cover all costs related to the participation of officials in meetings, workshops and other events as part of the normal functioning of the public services, other than those provided under the project.
- (b) The participating AMCs will cover all salaries related to the participation of their staff in the project, other than those provided under the project.
- (c) The participating AMCs will be responsible for facilitating constructive and effective co-operation of the concerned Ministries and other public authorities.

3.4 Project Costs and Financing²

The total cost of the project is estimated at € 7,300,000, of which the EC contribution is € 6,000,000 to be disbursed under a Contribution Agreement with ACB. The participating AMCs will provide cash and/or in-kind contributions to the counter-value of € 1,300,000. The table below summarises the project budget:

See FP budget

<u>Category Breakdown (If any)</u>	<u>EC</u>	<u>Participating ASEAN Member Countries</u>	<u>Total</u>	<u>Contracting authority For EC funds</u>
Grant Contribution Agreement with ACB:	€ 6 M	€ 1.3 M	€ 7.3 M	EC
TOTAL	€ 6 M	€ 1.3 M	€ 7.3 M	EC

The breakdown of which is indicative and may be adjusted according to need, subject to prior written agreement between the ACB and the European Commission.

² The ASEAN Centre for Biodiversity with the support of ASEAN Member Countries will endeavour to provide 5M€ within the project period and to raise a target of additional 15M€ for the endowment fund to ensure the long-term sustainability of the Centre which can be sourced from donors within and outside ASEAN. To this end, a specific progress report will be provided to the PSC at the end of each project year.

28
4/5

3.5 Mobilisation of the Project Budget

(a) Contractual Modalities

All contracts and agreements necessary for the implementation of this Financing Agreement will be concluded by the European Commission (Contribution Agreement with the ACB).

(b) Financial Modalities

All payments from the EC contribution of this Financing Agreement will be made by the Commission.

3.6 Planning and Reporting

(a) Reports will be drawn up in accordance with the general conditions in the Contribution Agreement. They will include at least:

1. Six-monthly technical and financial progress reports;
2. Any special reports related to priority issues;
3. A final project completion report

3.7 Monitoring and Evaluation

- a) Day-to-day technical and financial monitoring will be a continuous process as part of the Commission's responsibilities.
- b) Independent consultants recruited directly by the Commission and the ACB on specifically established terms of reference will carry out external monitoring and mid-term and final evaluation(s).

3.8 Donor Co-ordination

In order to preserve the necessary coherence between the activities of the present project and those activities undertaken by other donors in the sector, regular meetings will take place with all interested parties to ensure an open exchange of information, to avoid overlapping of activities and/or financing and to incorporate the lessons learnt by these other actors into the work of the project.

4. Special conditions

1. The ASEAN Centre for Biodiversity shall have been established as an International Organisation set up by intergovernmental agreement with a complete legal personality, bank account, a duly-appointed Governing Board to which the EC will be an observer, and shall have established a host country agreement with the Philippine government not later than six months after the financial decision of the EC. Otherwise, the EC funds will be de-committed and the Contribution Agreement shall not be concluded or enforced.

sp
ch

2. There shall have been a commitment from the AMCs to contribute a total of up to € 6.3 million as follows:
 - €1.3 million in cash and/or in-kind contribution in order to increase the EC funding covering personnel and operational costs of the ACB;
 - The ASEAN Centre for Biodiversity with the support of the AMCs will endeavour to provide € 5 million within the project period and to raise a target of additional Euros 15 million for the endowment fund to ensure the long-term sustainability of the Centre which can be sourced from donors within and outside ASEAN.
3. ~~The Beneficiary~~ The Host country will grant to the EU staff of the project - and to their families - benefits, privileges and exemptions that are no less favourable than those granted to expatriates under the Agreement between the Commission of the European communities and the Government of the Republic of the Philippines on the Establishment and the privileges and Immunities of the Delegation of the European Communities in the republic of the Philippines, signed in Jakarta on 28th.July 1990.

Attachment 1 – Logical Framework

PP
dk