

ORIGINAL

*Addendum N°1 to  
Financing Agreement  
DCI-ASIE/2008/019-478*

**Addendum to  
Financing Agreement  
between  
the European Union  
and  
the Association of Southeast Asian Nations (ASEAN)**

**"ASEAN Air Transport Integration Project (AATIP)"**



dw



## **Addendum n° 1 to Financing Agreement DCI-ASIE/2008/019-478**

The European Union, hereinafter referred to as "the EU", represented by the European Commission, hereinafter referred to as "the Commission",

of the one part, and

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

of the other part,

have agreed as follows:

The following provisions of Financing Agreement DCI-ASIE/2008/019-478 "ASEAN Air Transport Integration Project (AATIP)" concluded between the EU and ASEAN on 25 December 2009 ("the Financing Agreement") are hereby replaced / completed as follows:

### **SPECIAL CONDITIONS**

#### **ARTICLE 4 - PERIOD OF EXECUTION**

The period of execution of the Financing Agreement as defined in Article 4 of the General Conditions shall commence on the entry into force of the Financing Agreement and end at 108 month after this date.

#### **ARTICLE 8 – ENTRY INTO FORCE OF THE LISBON TREATY**

Where appropriate, all references to the European Community or European Communities in the present agreement should be read as referring to the European Union.

### **ANNEX II - TECHNICAL AND ADMINISTRATIVE PROVISIONS**

#### **3. LOCATION AND DURATION**

##### **3.2 Duration**

The execution period of the Financing Agreement will be 108 months. This execution period will comprise 2 phases under the conditions provided for in Article 4.1 of the General Conditions (Annex I of the present Agreement):

1. Operational implementation phase that starts from the entry into force of the Financing Agreement and will have duration of 84 months.



2. Closure phase of a duration of 24 months that starts from the expiry date of the operational implementation phase.

Pursuant to article 6 of the General Conditions (Annex I of the present Agreement), the contracts implementing the Financing Agreement shall be signed at the latest within three years of the entry into force of the Financing Agreement (except audit and evaluation contracts). That deadline may not be extended.

## 7. ATTACHMENT

Attachment 1: Logical Framework

*[The attachment 1 is replaced by the annex 1 to this addendum]*

All other terms and conditions of the Financing Agreement remain unchanged. This addendum shall enter into force on the date of which it is signed by the later of the two parties.

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

FOR THE COMMISSION

Mr. Dirk Meganck  
Director for Asia, Central Asia and Pacific  
Directorate-General for Development and  
Cooperation - EuropeAid

Signature:



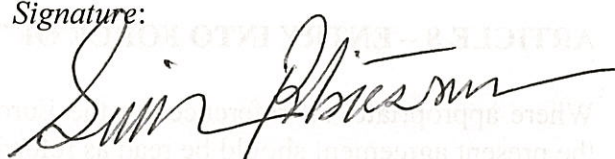
Date:

24.6.2011

FOR THE BENEFICIARY

Dr. Surin Pitsuwan  
Secretary General of ASEAN  
~~The ASEAN Secretariat~~

Signature:



Date:

21 Dec. 2011



**Attachment 1 to addendum N° 1 to Financing Agreement DCI-ASIE/2008/019-478: Logical framework for ASEAN Air Transport Integration Project**

Description	Objectively verifiable indicators (OVI)	Sources of verification	Assumptions
<b>Overall objective</b> To contribute towards sustainable ASEAN economic growth and the integration of the ASEAN Economic Community (AEC), through the development of the civil air transport sector.	<ul style="list-style-type: none"> <li>- Increase of passengers transported per year (% and number)<sup>1</sup></li> <li>- Increase of air cargo transported per year (% and tonnes)</li> <li>- Increase in takeoffs per year (per year % and number)</li> <li>- Increase in GDP annual growth in ASEAN (6.0% GDP growth in 2006 at constant prices)</li> <li>- Progress according to ASEAN milestones for achieving ASEAN Economic Community/ air transport sector</li> </ul>	<ul style="list-style-type: none"> <li>- ASEAN economic reports</li> <li>- reports of ASEAN summits</li> <li>- aviation statistics</li> <li>- <i>Please see the estimated value of the aggregated effects in the attached Attachment 1.1</i></li> </ul>	
<b>Specific objectives</b> To develop the institutional frameworks and to strengthen institutional capacities within ASEAN with a view to achieve a safe, secure and sustainable ASEAN Single Aviation Market by 2015 based on high regulatory standards.	<ul style="list-style-type: none"> <li>- Number of AMS implementing the ASEAN Multilateral Agreements on Air Services/ and Air Freight Services during 2010-2011, and 2012-2013</li> <li>- Number of AMS implementing ASEAN Single Aviation Market (SAM) "agreement/ arrangement" during 2012-2013</li> <li>- Number of AMS developing and implementing enhanced regulatory aviation standards</li> <li>- Institution(s) appointed by ASEAN Secretariat to be in charge of ASEAN SAM/ specific fields by 2013</li> <li>- Finalise the implementation arrangement/ agreement on ASEAN SAM (by 2015)</li> </ul>	<ul style="list-style-type: none"> <li>- aviation sector reports</li> <li>- meeting reports of the ASEAN Transport Ministers, Senior Transport Officials Meeting (STOM), and Air Transport Working Group (ATWG)</li> </ul>	<ul style="list-style-type: none"> <li>- ASEAN political will to achieve the 2015 target for ASEAN-wide implementation of the ASEAN SAM</li> <li>- No economic crisis in ASEAN</li> <li>- AMS are willing to cooperate with the project and provide mutual assistance among each other.</li> </ul>

<sup>1</sup> ICAO statistics for ASEAN scheduled carriers in 2006 are as follows:

- Total annual passengers carried - 103,510 789; - Total freight tonnes carried - 3,014,959; - Total aircraft movements - 928,644; - Total available tonne-km - 58,794,923



4/10

Description	Objectively verifiable indicators	Sources of verification	Assumptions
<b>Expected results</b>			
<p>1. ASEAN Single Aviation Market (SAM) and its external linkages supported through the development of harmonised frameworks in aviation safety, security, air traffic management, environmental protection, market liberalisation, application of competition laws and economic regulations.</p>	<ul style="list-style-type: none"> <li>- Strategy and Implementation Plan for ASEAN SAM (until 2015) established and implementation progressed according to the number of milestones achieved (for SAM and for the related fields).</li> <li>- Number of harmonised frameworks and regulations developed in aviation safety, security, air traffic management, environmental protection, market liberalisation, competition laws and economic regulations that are in line with international standards, as well as progress as regards legislation, mutual recognition, inspection, licensing.</li> <li>- AMS have high awareness on level of safety, security and environmental requirements, as well as on governance and gender equality issues.</li> <li>- International and EU experiences have been shared with ASEAN for policy and implementation plan development.</li> </ul>	<ul style="list-style-type: none"> <li>- ASEAN Secretariat/ AMS and AATIP implementation plan, and monitoring schedule</li> <li>- ASEAN Secretariat/ AMS reports</li> <li>- reports of international regulatory bodies</li> <li>- awareness surveys</li> </ul>	<p>AMS authorities' adopt the common ASEAN frameworks, issue legislations and follow up the enforcement</p>
<p>2. ASEAN institutional development, i.e. institutional reforms and ASEAN Air Transport Institutions' building, and capacity at the ASEAN Secretariat and ASEAN Member State authorities, operators and industry strengthened.</p>	<ul style="list-style-type: none"> <li>- Increased number of independent and appropriately funded Civil Aviation Authorities as per the ICAO standards.</li> <li>- Capacity at AMS built on the issuance of regulations and guidelines, and on the implementation by airlines and operators.</li> <li>- Institution(s) appointed by ASEAN Secretariat to be in charge of ASEAN SAM, safety oversight and air traffic management functions, and their mandates and workplans established.</li> </ul>	<ul style="list-style-type: none"> <li>- reports of national &amp; international regulatory bodies</li> <li>- ASEAN Secretariat reports</li> <li>- ICAO USOAP Audits</li> <li>- EASA Analysis / Reports</li> <li>- surveys on good governance and gender</li> </ul>	<ul style="list-style-type: none"> <li>- ASEAN has political will to institutionalise ASEAN air transport integration.</li> <li>- ASEAN Secretariat and AMS provide necessary resources for institutional development and capacity building.</li> </ul>



	<ul style="list-style-type: none"> <li>- Good governance principles applied, i.e. Roles of regional and national bodies, public and private sector are well defined; Gender equality is promoted in all operations; Participatory approach, information exchanges and consultations regularly taking place between regulatory bodies, private sector, academic institutions and major stakeholders.</li> <li>- Less advanced AMS able to join the ASEAN-wide SAM implementation by 2015, and mitigating measures adopted to cope with the regionalisation and globalisation pressures.</li> <li>- Rules and regulations implemented by operators and industry.</li> <li>- Capacity development process supported by training institutions through providing relevant curricular. Number of training institutions providing such curricula and number of experts trained.</li> <li>- Strong safety oversight capabilities on a national basis and through regional cooperation. International ratings of airline's safety level improved. Reduced number of airlines banned by international bodies.</li> <li>- Reduced number of accidents and incidents in ASEAN and on ASEAN airlines; aviation ratings improved.</li> <li>- DCA/ CAAs and country aviation status and operations approved by international regulatory bodies and ICAO.</li> </ul>	<p>equality</p> <ul style="list-style-type: none"> <li>- International air safety reports</li> </ul>	
--	--	--	--



44

## Main Activities

Activities	Means	Costs
<b>for Result 1): ASEAN SAM/specific fields:</b>	- PST staff, trainers and experts (long-term and short-term), supported by ASEAN in-kind contributions of short-term staff, experts and trainers.	see below
<ul style="list-style-type: none"> <li>• Support to the development of the second stage Implementation Plan for the SAM (covering the period 2012-2015).</li> <li>• Development of harmonised regional strategy and regulatory frameworks, together with implementation and monitoring plans, in accordance with ICAO, EASA and international standards, as regards aviation safety and security, air traffic management, environmental aspects, market liberalisation, competition laws and economic regulations. <i>(Subjects to be included under this Result 1/Activitiy 2, see end of description)</i></li> <li>• Support to the development of national strategies, implementation plans and guidelines, in particular for the less advanced AMS, based on the regional vision of SAM.</li> <li>• Co-ordinating, exchanging views and information through fora and communication channels to be set up between ASEAN (ASEAN Secretariat and AMS), international bodies, regulatory bodies, donors, educational and research institutions, airlines, operators and industry; on regulations and standards concerning the open skies in particular the Single European Sky.</li> <li>• Organising a high-level summit/ conference on ASEAN, international and European experiences in the development of Single Regional Aviation Markets.</li> </ul>	<p>- Types of actions:</p> <ul style="list-style-type: none"> <li>• visits of staff and experts</li> <li>• training, educational and capacity building activities</li> <li>• meetings, conferences, seminars and workshops</li> <li>• assisting and working closely with AMS, and the ASEAN Secretariat in the planning and development of relevant frameworks, strategies, guidelines and documents</li> <li>• coordinating and working with national, international, ASEAN and European bodies and organisations, and all levels of stakeholders</li> <li>• communication, networking, exchanging and publication of information, active project website operation</li> <li>• reviews, surveys, studies, research</li> <li>• media events, media products, documents and material production</li> <li>• internal monitoring, reporting</li> <li>• activities that promote the image of the EU and ASEAN as models or examples of best or unique practices.</li> </ul>	



Activities	Means	Costs
<b>for Result 2):</b> institutional development and capacity building	- (same as for Result 1)	see below
<ul style="list-style-type: none"> <li>• Support to the review and upgrade of status of DCAs, where requested, to become more independent and to meet international standards.</li> </ul>	- Types of actions:  (same as for Result 1)	
<ul style="list-style-type: none"> <li>• Drafting plans on defining an institution(s) or central body (bodies) to regulate the ASEAN SAM, aviation safety and security and air traffic management, and providing assistance to the establishment and start-up of the operations.</li> </ul>		
<ul style="list-style-type: none"> <li>• Strengthening the capacity of the ASEAN Secretariat, AMS' authorities, operators and industry in the planning and implementation of the SAM and the specific fields, in close cooperation between public, regulatory and private sectors.</li> </ul>		
<ul style="list-style-type: none"> <li>• Providing experts for advisory visits, meetings, training, monitoring.</li> </ul>		
<ul style="list-style-type: none"> <li>• Establishing a network of training institutions and trainers, preparation of training materials and manuals, and strengthening of ASEAN training institutions and trainers</li> </ul>		
<ul style="list-style-type: none"> <li>• Working with AMS to ensure that relevant staff is made available for project participation, and local systems incorporating the knowledge and experience gained from the project into practical guidelines and implementation.</li> </ul>		
<ul style="list-style-type: none"> <li>• Working with the more advanced AMS for the provision of assistance, sharing of experiences, experts, trainers, meeting and training facilities to the less advanced AMS.</li> </ul>		

14



5/6

Description	Means	Costs
<i>Subjects to be included under Result 1/Activity 2:</i>	(same above)	
<ul style="list-style-type: none"> <li>• <u>safety / security</u>:               <ul style="list-style-type: none"> <li>• support to AMS' authorities in particular the members experiencing difficulties in fulfilling their ICAO obligations</li> <li>• support and foster the development of the SEARIF initiatives aims at developing regulatory convergence in ASEAN</li> <li>• consultancy study on enhancing aviation safety regionally, common standards and inspection on aircraft and flight operational safety, safety oversight, personnel licensing, aircraft inspection, aircraft maintenance, aircraft/ airports/ service areas/ luggage and hand-bag inspection and control, air and maritime search and rescue.</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>• <u>air traffic management</u> (ATM): Consultancy study of a pan-ASEAN seamless air traffic management structure , integration, harmonisation and inter-operability of CNS (Communications, Navigation and Surveillance) systems in air traffic management, including radar and other data sharing, airspace design (e.g. functional blocks of airspace), the development of satellite-borne technologies, developing regionalised cross-border air traffic management systems (e.g. air traffic flow management – ATFM).</li> </ul>		
<ul style="list-style-type: none"> <li>• <u>environmental sustainability</u>:               <ul style="list-style-type: none"> <li>• environmental regulation harmonisation based on international requirements.</li> <li>• improvement in ATM and environmental impact through collaboration with Research and Development (R&amp;D) Programmes within ASEAN (e.g. Singapore), the EU (e.g. potential involvement in the Single European Sky ATM Research or SESAR, the Clean Sky research programme plan for greener generation of European air transport, the EU Galileo project for a global navigation satellite system, and the 7<sup>th</sup> Research Framework Programme), and the others. This work stream could involve joint 'best practice' workshops with participation of ASEAN authorities and operators, research and educational institutions, regulatory bodies and interested parties. Key areas of interest might include:                   <ul style="list-style-type: none"> <li>• defining a specific procedure for in-trail climb for ATM track systems.</li> <li>• single engine taxiing procedures (for fuel conservation)</li> <li>• assistance in reducing the noise impact at ASEAN airports through revised routings, continuous descent approaches (CDAs), specialist noise charges and track-keeping penalties, etc.</li> </ul> </li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>• <u>market liberalisation, competitive laws and economic regulations</u> <ul style="list-style-type: none"> <li>• further development of airline market liberalisation eg 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Freedom of Traffic Rights</li> <li>• economic regulatory aspects of a Single Market (such as regulations regarding substantial airline ownership/ effective control in member countries, the setting of air fares, State Aids to airlines and airports, mechanisms for PSOs - Public Service Obligation routes etc)</li> </ul> </li> </ul>		



- study on the economic impact of an ASEAN Single Aviation Market
- liberalisation of airport ground handling and other ancillary air transport services
- airport management including the development of commercial revenues and introduction of private finance into airport infrastructure and operations (through Built-Operate-Transfer (BOT) schemes, concession agreements etc)

Items	EURO	Explanation
EC contribution (max)	4 600 000	<ul style="list-style-type: none"> <li>- duration 48 months</li> <li>- ASEAN in-kind contributions (ASEAN staff, trainers, experts, main meeting/ training costs in ASEAN) will complement the actions but are not as part of the PST</li> </ul>
<b><i>Indicative budget for activities:</i></b>		<p>Actions are based in ASEAN, except for limited meetings and trainings in Europe.</p> <p>inclusive of salary, travel, per diem, visits, training, meetings, reviews, surveys, studies, communication, website management, limited office management (in ASEAN), production of reports/documents/publicity materials; limited meeting/ training cost in Europe</p>
- sub-total	4 278 000	
- admin cost (max 7%)	322 000	
- total EU contribution	4 600 000	
<ul style="list-style-type: none"> <li>• Other project activities for Results 1 and 2 are such as surveys and updating of information at ASEAN and AMS levels.</li> </ul>		

## Indicative budget for the Project Support Team (PST):

### Indicative PST expenditure (EU contribution) spreading

Budget (in Euro)	year 1	year 2	year 3	year 4
Indicative expenditure by year	1 100 000	1 150 000	1 150 000	1 200 000

Item	Year 1	Year 2	Year 3	Year 4
EU contribution (max)	1 100 000	1 150 000	1 150 000	1 200 000
Indicative expenditure by year	1 100 000	1 150 000	1 150 000	1 200 000



**Attachment 1.1** Estimated value of the aggregated effect (DAC Sector code: 21050)

Serial No.	Indicator	Unit	Baseline Value	Final value		Definition and comments	Source
			Est. Value at beginning of project (yr 2009)	Final "without project" value (2013)	Final "With project" value (2013)		
	Size of ASEAN air transport market						
718	Total annual passengers (ASEAN airlines)	million	116.3	144.1	149.6	Total passengers carried by ASEAN scheduled carriers (international and domestic)	ICAO statistics; excl. charter traffic (data n/a)
719	Total annual freight (ASEAN airlines)	tonnes (000)	3,015.0	3,735.1	3,878.7	Total freight tonnes carried by ASEAN scheduled carriers (international and domestic)	ICAO statistics; excl. charter traffic (data n/a)
720	Total annual Air Transport Movements	(000)	1,043.4	1,292.6	1,342.3	Total ATMs by ASEAN scheduled carriers (international and domestic). Excludes other aircraft movements (eg air taxi, corporate and GA)	ICAO statistics; excl. charter traffic (data n/a)
719	Total annual Available Tonne Kilometres (ATKs)	ATKs million	66.1	81.8	85.0	Total Available Tonne Kilometres by ASEAN scheduled carriers (international and domestic). NB ATKs are a measure of capacity provided	ICAO statistics; excl. charter traffic (data n/a)
	ASEAN air safety - fatal airliner accidents (1)						
	Total reported accidents	number	6	4.5	3	Total annual reported fatal airliner accidents. Covers entire Asian region (including ASEAN). Detailed breakdown for ASEAN not available. Target of 50% reduction in 'with project' and 25% reduction in 'without project' case. (NB AATIP is one of several initiatives to improve air safety in the region)	Aviation Safety Network; Excludes non-reported accidents, non-fatal accidents and accidents by ASEAN airlines outside ASEAN region

(1) An alternative source of aviation safety indicator data is the results of the EC SAFA Programme. The detailed breakdown of the audit results for ASEAN countries is not published.

Source: Project Formulation mission report (March 2008)

45



