

DCI-ASIE/2009/019-559

FINANCING AGREEMENT

between

THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

and

THE EUROPEAN UNION

"Regional EU-ASEAN Dialogue Instrument (READI) Facility"

HS

FINANCING AGREEMENT

Special Conditions

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 South-East Asian Nations (ASEAN), hereinafter referred to as "**the Beneficiary**", represented by the Secretary General of ASEAN

of the other part,

have agreed as follows:

ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1.1. The EU shall contribute to the financing of the following project:

"Regional EU-ASEAN Dialogue Instrument (READI) Facility"
DCI-ASIE/2009/019-559

hereinafter referred to as "the project" which is described in the Technical and Administrative Provisions in Annex II.

1.2 This project will be implemented in accordance with the financing agreement and the annexes thereto: the General Conditions (Annex I) and the Technical and Administrative Provisions (Annex II).

ARTICLE 2 – THE EU'S FINANCIAL CONTRIBUTION

2.1 The total cost of the project is estimated at 4 000 000 euro.

2.2 The EU undertakes to finance a maximum of 4 000 000 euro. The breakdown of the EU's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions in Annex II.

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ARTICLE 3 – THE BENEFICIARY’S CONTRIBUTION

3.1 The Beneficiary shall contribute zero euro to the project.

3.2 Where there is a non-financial contribution by the Beneficiary the detailed arrangements shall be set out in the Technical and Administrative Provisions in Annex II.

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 84 months after this date.

ARTICLE 5 - ADDRESSES

All communications concerning the implementation of the financing agreement shall be in writing, refer expressly to the project and be sent to the following addresses:

a) for the Commission

Head of Delegation
Delegation of the European Union to Indonesia and Brunei Darussalam
Intiland Tower, 16th Floor
Jl Jend. Sudirman 32
Jakarta 10220, Indonesia

b) for the Beneficiary

C/O the Principal Director
Bureau for External Relation and Coordination
ASEAN Secretariat
70A Jalan Sisingamangaraja
Jakarta, 12110, Indonesia

ARTICLE 6 - ANNEXES

6.1 The following documents shall be annexed to this agreement and form an integral part thereof:

Annex I: General Conditions

Annex II: Technical and Administrative Provisions.

6.2 In the event of a conflict between the provisions of the Annexes and those of the Special Conditions of the financing agreement, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex I and those of Annex II, the provisions of Annex I shall take precedence.

ARTICLE 7

Where appropriate, all references to the "(European) Community / (European) Communities" in the annexes to the present agreement should be read as referring to the "European Union".

ARTICLE 8 – ENTRY INTO FORCE OF THE FINANCING AGREEMENT

The financing agreement shall enter into force on the date on which it is signed by the last party.

Done in Brussels in 3 original copies in the English language, 2 copies being handed to the Commission and 1 to the Beneficiary.

FOR THE COMMISSION

FOR THE BENEFICIARY

Dirk Meganck
Director,
Directorate D Asia and Central Asia
Europe-Aid Co-operation Office

Dr Surin
Secretary General of the ASEAN

[Signature]

[Signature]

[Date]

[Date] 12 - 08 - 2010



A handwritten signature in black ink, likely belonging to Dr. Surin, the Secretary General of the ASEAN.

ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING

ARTICLE 1 – GENERAL PRINCIPLE

1.1 The Community's financial contribution shall be limited to the amount specified in the financing agreement.

1.2 The provision of the Community financing shall be subject to fulfilment of the Beneficiary's obligations under this financing agreement.

ARTICLE 2 - COST OVERRUNS AND COVERING THEM

2.1 Individual overruns of the budget headings of the financing agreement shall be dealt with by reallocating funds within the overall budget, in accordance with Article 17 of these General Conditions.

2.2 Wherever there is a risk of overrunning the global amount set in the financing agreement, the Commission may either scale down the project/programme or draw on the Beneficiary's own resources or other non-Community resources.

2.3 If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may grant additional Community financing. Should it so agree, the excess costs shall be financed, without prejudice to the relevant Community rules and procedures, by the release of an additional financial contribution to be set by the Commission.

TITLE II - IMPLEMENTATION

ARTICLE 3 – GENERAL PRINCIPLE

3.1 The project/programme shall be implemented by the Commission acting for and on behalf of the Beneficiary.

3.2 The Commission shall be represented in the State of the Beneficiary by its Head of Delegation.

ARTICLE 4 - PERIOD OF EXECUTION

4.1 The period of execution of the financing agreement shall comprise two phases:

- an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the financing agreement and end at the latest 24 months before the end of the period of execution;
- a closure phase, during which final audits and evaluation are carried out and contracts for the implementation of the financing agreement are technically and financially closed. This phase shall commence on the day after the date of end of the operational implementation phase and end at the latest 24 months after this date.

4.2 Costs related to the principal activities shall be eligible for Community financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.

4.3 Any balance remaining from the Community contribution will be automatically cancelled six months after the end of the period of execution.

4.4 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.

4.5 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

TITLE III - AWARD OF CONTRACTS AND GRANTS

ARTICLE 5 – GENERAL PRINCIPLE

All contracts implementing the financing agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

ARTICLE 6 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS IMPLEMENTING THE FINANCING AGREEMENT

6.1 The contracts implementing the financing agreement shall be signed by both parties within three years of the entry into force of the financing agreement, which means

within three years of the date on which the financing agreement was signed by the last party. That deadline may not be extended.

6.2 The above provision shall not apply to audit and evaluation contracts, which may be signed later, as well as to riders to contracts already signed.

6.3 At the end of the three years of the entry into force of the financing agreement, any balance for which contracts have not been signed will be cancelled.

6.4 The above provision shall not apply to any balance of the contingency reserve.

6.5 A contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding cancelled.

ARTICLE 7 - ELIGIBILITY

7.1 Participation in invitations to tender for works, supply or service contracts and in calls for proposals shall be open on equal terms to all natural and legal persons of the Member States of the Community and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those acts.

7.2 It may be decided, on the basis of the specific conditions laid down in the basic acts governing the cooperation sector concerned, to allow third-country nationals other than those referred to in paragraph 1 to tender for contracts.

7.3 Goods and supplies financed by the Community and necessary for the performance of works, supply and service contracts and procurement procedures launched by the grant beneficiaries for the execution of the action financed must originate in countries eligible to participate on the terms laid down in the previous two paragraphs, except when it is provided otherwise in the basic act.

TITLE IV - RULES APPLICABLE TO THE PERFORMANCE OF CONTRACTS

ARTICLE 8 - ESTABLISHMENT AND RIGHT OF RESIDENCE

8.1 Where justified by the nature of the contract, natural and legal persons participating in invitations to tender for works, supply or service contracts shall enjoy a provisional right of establishment and residence in the Beneficiary's country. This right shall remain valid for one month after the contract is awarded.

8.2 Contractors (including the grant beneficiaries) and natural persons whose services are required for the performance of the contract and members of their family shall enjoy similar rights during the implementation of the project/programme.

ARTICLE 9 - TAX AND CUSTOMS PROVISIONS

9.1 Save where otherwise provided in the Special Conditions, taxes, duties or other charges (including value added tax - VAT - or equivalent taxes) shall be excluded from Community financing.

9.2 The State of the Beneficiary shall apply to procurement contracts and grants financed by the Community the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

9.3 Where the Framework Agreement or exchange of letters applicable includes more detailed provisions on this subject, they shall apply as well.

ARTICLE 10 - FOREIGN EXCHANGE ARRANGEMENTS

10.1 The State of the Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 7 of these General Conditions.

10.2 Where the Framework Agreement or exchange of letters applicable includes more detailed provisions on this subject, they shall apply as well.

ARTICLE 11 – USE OF DATA FROM STUDIES

Where the financing agreement involves the financing of a study, the contract related to this study, signed for the implementation of the financing agreement, shall govern the ownership of that study and the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

ARTICLE 12 – ALLOCATION OF AMOUNTS RECOVERED UNDER CONTRACTS

12.1 Amounts recovered from payments wrongly effected, from guarantees of pre-financing payments or from performance guarantees supplied on the basis of contracts financed under this financing agreement, shall be allocated to the project/programme.

12.2 The financial penalties imposed by the contracting authority on candidate or tenderer who is in a case of exclusion in the context of a procurement contract, the calling upon of tender guarantees, as well as the damages granted to the Commission shall be repaid to the general budget of the European Communities.

TITLE V - GENERAL AND FINAL PROVISIONS

ARTICLE 13 – VISIBILITY

13.1 Every project/programme financed by the Community shall be the subject of appropriate communication and information operations. These operations shall be defined with the approval of the Commission.

13.2 These communication and information operations must follow the rules laid down and published by the Commission for the visibility of external operations in force at the time of the operations.

ARTICLE 14 – PREVENTION OF IRREGULARITIES, FRAUD AND CORRUPTION

14.1 The Beneficiary shall take appropriate measures to prevent irregularities and fraud and, on request of the Commission, bring prosecutions to recover funds wrongly paid. The Beneficiary shall inform the Commission of any measure taken.

14.2 "Irregularity" shall mean any infringement of the financing agreement, implementing contracts or Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the European Communities, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by them, or on their behalf;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud.

14.3 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants or in the implementation of the related contracts. "Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European

Communities. "Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities.

ARTICLE 15 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE EUROPEAN COURT OF AUDITORS

15.1 The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot checks on the use made of Community funding under the financing agreement (including procedures for the award of contracts and grants) and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.

15.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by Community law for the protection of the financial interests of the European Communities against fraud and other irregularities.

15.3 To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under the financing agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the European Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

15.4 The checks and audits described above shall also apply to contractors and subcontractors who have received Community funding.

15.5 The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

ARTICLE 16 – CONSULTATION BETWEEN THE COMMISSION AND THE BENEFICIARY

16.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this financing agreement further.

16.2 The consultation may lead to the amendment, suspension or termination of the financing agreement.

ARTICLE 17 – AMENDMENT OF THE FINANCING AGREEMENT

17.1 Any amendment to the Special Conditions and Annex II to the financing agreement shall be made in writing and be the subject of an addendum.

17.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

17.3 The specific cases of the extension of the operational implementation phase or closure phase are governed by Article 4 (4) and (5) of these General Conditions.

ARTICLE 18 – SUSPENSION OF THE FINANCING AGREEMENT

18.1 The financing agreement may be suspended in the following cases:

- The Commission may suspend the implementation of the financing agreement if the Beneficiary breaches an obligation under the financing agreement.
- The Commission may suspend the financing agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.
- The financing agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by force majeure. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.

18.2 No prior notice shall be given of the suspension decision.

18.3 When the suspension is notified, the consequences on the ongoing contracts or contracts to be signed will be indicated.

ARTICLE 19 – TERMINATION OF THE FINANCING AGREEMENT

19.1 If the issues which led to the suspension of the financing agreement have not been resolved within a maximum period of four months, either party may terminate the financing agreement at two months' notice.

19.2 Where a financing agreement has not given rise to any payment within three years of its signature or no implementing contract has been signed within this period, that financing agreement will automatically be terminated.

19.3 When the termination is notified, the consequences on the ongoing contracts or contracts to be signed will be indicated.

ARTICLE 20 - DISPUTE-SETTLEMENT ARRANGEMENTS

20.1 Any dispute concerning the financing agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 16 of these General Conditions may be settled by arbitration at one of the parties' request.

20.2 In this case the parties shall each designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.

20.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.

20.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

ANNEX II

TECHNICAL AND ADMINISTRATIVE PROVISIONS

BENEFICIARY COUNTRY / REGION	ASEAN		
REQUESTING AUTHORITY	ASEAN Secretariat		
BUDGET HEADING	19.100101		
TITLE	Regional EU-ASEAN Dialogue Instrument (READI) Facility		
TOTAL COST	<i>Euro 4 000 000</i>		
AID METHOD/ MANAGEMENT MODE	Project approach Centralised management		
DAC-CODE	43010	SECTOR	Multi-sector Aid

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1. RATIONALE

1.1 Economic and social situation

ASEAN is a group of 10 nations covering an area of 4,464,000 sq/kms with a population of approximately 575 million people in 2007. ASEAN was founded in 1967 by Indonesia, Malaysia, Singapore, the Philippines, and Thailand. Brunei Darussalam joined ASEAN in 1984, Vietnam in 1995, with Myanmar and Lao PDR joining in 1997 and Cambodia in 1999.

One of the main decisions of the ASEAN Summit of January 2007, in Philippines, with regard to ASEAN integration was taken on **accelerating the implementation of the ASEAN Community**, including the ASEAN Security Community (ASC), the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC) by five years, from 2020 to 2015.

With the acceleration of the integration process, the ASEAN will need to quickly strengthen its capacity to respond to the new challenges in the region, and the ASEAN Secretariat, from its actual position of coordinating and assisting the working groups and ministerial meetings, may have to move towards a more pro-active role, to draft position papers / proposal for regional policy / regulation, and may also take on a new role as a regulator / arbitrator in various sectors.

For the moment, a large part of the attention has been given to the key sectors of economic integration, however, there is number of important areas which are important for an effective economic integration, and which cannot be left out of the integration effort (Climate Change, Environment, Transport, Energy, Education and Mutual Recognition of Certificates, Employment and social protection, Disaster management).

1.2 Sector context

Economic integration and economic growth will generate a new dynamism in the region, but will also generate negative side effects such as increasing demand in energy, acceleration of environmental degradation, acceleration of climate change, etc...

However ASEAN Member Countries and ASEAN have limited expertise in these sectors to allow them to engage in non-trade regional integration. (Lack of awareness, lack of understanding of the potential impacts and consequences of their commitments or un-commitments, etc). Additionally, the coordination and consultation mechanisms between ASEAN countries and within those countries could be improved.

The ASEAN Secretariat has been tasked to drawing up blueprints and roadmap for moving forward the pillars of the ASEAN Community: economic, security and socio-cultural. Considering the wide diversity, and economic disparity of its Member Countries, this is an ambitious goal, which calls for strong support. Following the adoption of the AEC Blueprint at the 13th Summit in Singapore, the ASCC and APSC Blueprints and the 2nd Initiative for ASEAN Integration (IAI) Work Plan were also adopted at the 14th ASEAN Summit in Cha-am Hua Hin, Thailand. These Blueprints and Work Plans may serve as a guide for the development and implementation of this project.

1.3. Lessons learnt and complementarity

Lessons learnt through reviews, assessments, monitoring results (Results Oriented Monitoring (ROM)) and evaluations of previous actions, are taken into consideration for the elaboration of this action.

- Concerning the EU's support for trade integration the scope of activities has had a specific focus on regulatory issues and improvements of the customs and standards agencies supported by a few designated EU DGs (TRADE, TAXUD, ENTR, SANCO). The proposed Action aim at emulating this experience in the non-trade related sector by similarly focussing on regulatory and institutional issues and capacity building and drawing on support from designated sectoral EU institutions and European centres of expertise.
- The substantial diversity within ASEAN, especially the various levels of development and differing priorities, requires the creation of a flexible framework under which ASEAN Member States select specific themes and activities to undertake before expanding ASEAN wide.
- In the context of the EU's support for trade integration in specific economic sectors the involvement of representatives of the private sector has proven to be substantial and constructive. This Action aims to emulate this experience in the non-trade related sector by similarly encouraging the involvement of sectoral stakeholders and representatives from Civil Society.
- Based on the (ongoing) experience with implementation of respective EU support programmes for ASEAN integration (APRIS I and II) this Action recognises specifically the importance of the role that individual ASEAN Member States can and must play in the integration process and in the dialogue with the EU.
- The coordination between regional and national initiatives is generally weak. An effort shall be provided to make a more consistent multilevel approach
- The limited human resources available at the ASEAN Secretariat is perceived as a hurdle to ASEAN Ownership of cooperation programmes. Adequate counterpart staff from ASEAN must be made available.

The EU is supporting ASEAN through a number of programmes, mainly focussing on the integration in trade related areas:

- ASEAN Programme on Regional Integration Agenda – Phase II, that will last until 2009 and will be follow by a new programme supporting economic integration
- ASEAN Statistical Capacity Building, targeting mainly economic statistics
- ECAP III, addressing enforcement of Intellectual Property Rights
- AATIP, supporting the development of ASEAN single sky
- Enhancing Economic Partnership – Support to ASEAN FTA negotiating capacity
- SWITCH programme on Sustainable Consumption and Production (SCP)

The Trans-Regional EU-ASEAN Trade Initiative (TREATI) managed by DG Trade has taken place for the last 3 years to allow an EU-ASEAN Dialogue on trade policy. A similar instrument, the Regional EU-ASEAN Dialogue Instrument has also been set to address non-trade issues. Several activities related to READI are supported by the APRIS II (Information society, civil aviation, environment ...) in a limited fashion. The present project will build on these experiences.

Beyond this, EU has also non-trade related projects addressing specific transnational issues such as migration, biodiversity, health.

Other main donors (ADB, AusAID, USAID) focus mainly on the economic integration agenda. AusAID has however important projects in the field of health.

In view of the above, the propose project will complement on-going initiatives in sectors where support has so far been absent, and which are however more and more important in today's world: Climate Change, Energy, Environment, Disaster Management, Science and Technology, Employment and social protection, Higher Education....

Whenever possible, synergies and complementarities will be sought within the context of the EU's regional programmes in Asia under the Asia Europe Meeting (ASEM) and the EU's bilateral

programmes in Asia, notably those taking place under individual Country Strategy Paper (CSP) and National Indicative Programmes (NIP).

1.4 Donor coordination

AusAID and USAID just started large flexible facilities aiming at accompanying ASEAN in its integration process until 2015. While the ASEAN-Australia Development Cooperation Phase II (AADCP II) focus on the Economic Integration, the ADVANCE facility from the US, will provide assistance for both ASEAN Economic Community and ASEAN Socio-Cultural Community (including health and disaster management) and will include support at regional and national level. World Bank has also some cooperation in Disaster Preparedness. Germany also provides capacity building support to the Secretariat. Beyond this, each donor, included EC, may have also relevant bilateral programmes with ASEAN Member States, which bring additional coordination issues.

In view of this, technical communication networks will need to be jointly developed by the main stakeholders (EUD, ASEAN, Donors, and TA) and properly maintained. At the EU level, it is proposed that the EUD Jakarta ensures that regular information is provided to the other EUDs in the region and that there are involved whenever activities are taken place in the country where they are. At the regional level, donors have requested ASEAN to organise regular coordination meetings for non-economic sectors, but are already exchanging information on their respected programmes. It is requested that ASEAN Secretariat takes the lead in such a process as this is in the interest of an efficient management of resources.

2. DESCRIPTION

One of many challenges of ASEAN will be to ensure that all three communities will be developed in parallel and in this respect that the security and socio-cultural pillars can catch up with the economic one.

This programme aimed at nurturing the debate on and implementation of non-trade related regional policies, complementing and supporting the efforts undertaken to support the economic integration agenda.

Considering the broad area constituted by the "non-trade related" sectors, the programme will respond flexibly to ASEAN priorities in this area where an important element will be that the relevant EU integration experience can be brought into the process.

The key strategy for the selection of priority areas will be to focus on a number of focal areas with the aim of achieving results but at the same time maintaining flexibility so as to explore where the best scope for supporting an ASEAN-led agenda can be pursued.

Focal areas of interest have preliminary been determined as follow: are Climate Change, Environment, Energy, Science and Technology, Employment and Social protection, Higher Education, ICT, Research policy, Disaster Management; however the project is open to other areas, if requested by ASEAN.

In addition, it will support ASEAN to carry out the spirit of the new ASEAN Charter, which envisages a ASEAN as a people-centered organisation, through whenever possible the involvement sectoral stakeholders in the building of a single community.

For ease of reference an initial logical framework is attached. It may be updated or adapted in the Overall Work Plan, to which it will be annexed, without this necessarily requiring an amendment to the financing agreement. Specifically, ASEAN Secretariat will develop a detailing of results to be achieved for each of the focal sector, cf Section 4.1

2.1. Objectives

The overall objective (OO) of the project is to support ASEAN integration. It is expected that by achieving this goal citizens of the ASEAN Member States will benefit from stronger economic growth, increased leverage as a union, and enhanced social opportunities as standards of living are ultimately improved amongst all its member states.

The project purpose (PP) is to support the implementation of the ASEAN community blueprints, drawing on European experience and know how through sectoral policy dialogue and knowledge development supporting thus the policy development process in non-trade related areas.

Crosscutting issues like good economic governance, gender impact, sustainable development, good governance, human rights and rule of law will be elements that will feature in READI technical dialogue and subsequent activities and be incorporated in the activities of the project.

2.2. Expected results

1. Development of concrete action plans for integration and contribution to the ASEAN Secretariat and AMS collegial bodies' work to further integration in non-trade sectors (i.e supporting implementation of the action plans)
2. Improved institutional capacity of the ASEAN (ASEAN Secretariat, ASEAN Collegial bodies, ASEAN Chair countries, and ASEAN Member States) to support the integration process
3. Extended and strengthened ASEAN-EU network in areas of relevance to the ASEAN's priorities, leading to effective learning process through an exchange of experience between EU and ASEAN.

2.3. Activities and implementation timetable

This will be promoted through:

- Effectively made available targeted European experience on regional integration in selected non-trade sectors.
- Capacity building activity targeting relevant key ASEAN Secretariat officers. It is expected that this result will enable ASEAN Secretariat to assimilate and disseminate the relevant elements of the EU's experience to representatives of the ASEAN Member States, sectoral stakeholders and civil society organizations, ensure better coordination between regional and national activities, as well as prepare and coordinate their engagement in Dialogue with the EU. These activities must foresee the participation of the chair countries. Some cross-sectoral confidence-building for collegial bodies' chairpersons must be planned.
- Capacity building targeting ASEAN Member States in key sectors at a technical level. This will be tailored according to the pace and direction of progress in the Dialogues in respective sectors. The reasoning behind this is that dialogue can be better targeted, and will be more relevant to achievable results to ASEAN's integration when drawing on the EU's ample and unique experience through specific regulatory and technical assistance. The focus will be on the ASEAN Blueprints and its intended targets.
- Gap analysis studies / Feasibility studies. Gap analysis studies will be carried out in some pre-identified sectors which have some common ground amongst ASEAN Member States and are conducive to integration. These studies will serve as platforms to form a strategy to capacitate key individuals of ASEAN Member States in respective work areas in these sectors with the aim of

fostering cooperation between them at the regulatory and technical level. Feasibility studies will indicate what areas are likely to achieve a degree of integration/harmonisation and what regulatory, technical and infrastructural adjustments are required to achieve this.

- Ongoing mapping of CSO and sectoral stakeholders will be undertaken to involve them at different stages in the process and enhance public awareness and support for ASEAN integration in non-trade related sectors.
- Additional technical advice will be provided to support other ASEAN integration initiatives in these sectors, *inter alia*, through communication and awareness building, consultation with civil society organizations and sectoral stakeholders, development of common databases and expert networks, design of templates for regional risk management and reporting systems, amongst other potential areas that might be explored during the intervention.
- Representatives from ASEAN Member States' sectoral bodies and CSO or sectoral stakeholders will participate in seminars and study tours pertaining to sectoral developments in the EU, including European Institutions and EU Member States in order to enhance their capacity to deal with this at the regional level.

3. LOCATION AND DURATION

3.1. Location

The Project will be implemented in Jakarta and ASEAN Member States. Some training activities and study tours will be conducted in the EU.

3.2. Duration

The execution period of the Agreement will be 84 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. An Operational implementation phase that starts from the entry into force of the financing agreement and will have a duration of 60 months.
2. A 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. ('sunset clause').

4. IMPLEMENTATION

4.1 Organisational set-up and responsibilities

The project will be implemented by the European Commission, through the EU delegation in Jakarta with the assistance of a Technical Assistance Team based in the ASEAN Secretariat.

A steering committee shall be set up to oversee and validate the overall direction and policy of the project.

The project steering committee shall meet once a year.

The project steering committee shall be made up of:

- A representative of the ASEAN Secretariat
- Representatives of the relevant ASEAN Secretariat bureaus
- A representative of the Head of EU Delegation
- Any other relevant stakeholder if required

A Project Management Committee shall be set up and meet every quarter. The responsibility of the PMC will be to define the criteria for the selection of the sectors and issues to be addressed, and select the sub-projects.

As a basic rule, the project will be open to all non-trade sectors when preparatory work is needed. However, prior to provide substantial support for focal sectors (support to implementation of work plans) ASEAN will be required to develop an outline plan of action for the activities and the results to be achieved for the considered sector.

The project Management Committee will include 1 representative on the ASEAN Secretariat Coordination Unit, 1 representative per relevant department from the ASEAN Secretariat, representatives from the European Union Delegation, and the Technical Assistance Team Leader.

Technical Assistance will be contracted by the European Union Delegation (EUD) to assist in the implementation of the Facility. The Technical Assistance will be responsible for developing work plans and activity reports that will be submitted to the ASEAN Secretariat and to EUD. The reports shall conform to the EU standard format and include at least:

- an Inception Report to be submitted at the end of the inception period (first 6 months of the intervention). The inception report will include a needs analysis in term of sector policy support for the regional integration in non-trade areas, and informing on what other donors are doing; and an Overall Work Plan and Budget (OWP) as well as the first Annual Work Plan and Budget (AWP1)
- a Project Progress Monitoring Plan, including objectively verifiable indicators, to be submitted together with the OWP,
- successive Annual Work Plans and Budgets ,
- quarterly updates on the project activities
- six-monthly technical and financial progress reports, together with any event reports taking place during the period,
- any specific reports / impact studies
- A Final Report at the end of the completion period.

4.2 Reporting

The ASEAN Secretariat will report every 6 months to the EU Delegation on the progress made in the relevant sectors, including overview of the achievement in line with the Logical Framework, links to work in ASEAN Member States and assessment of constraints and challenges.

4.3 Project Budget

The total project cost for the facility is estimated at EUR 4 million that shall be financed from the general budget of the European Union. The Beneficiary will provide for an equivalent of € 250000 in-kind contribution. The in-kind contribution will include counterpart staff with a relevant level of

qualification based in the Secretariat, travel and per-diem in the ASEAN region, office space for the TAT, and related operating costs.

Category breakdown	EU contribution	Total	Contracting/Paying authority
1. Services	4 000 000	4 000 000	EU/EU
1.1 Technical Assistance	3 800 000	3 800 000	EU/EU
1.2 Monitoring and evaluation	150 000	150 000	EU/EU
1.3 Audit	50 000	50 000	EU/EU
TOTAL	4 000 000	4 000 000	

4.4 Mobilisation of the Project/Programme Budget

All contracts and payments are made by the Commission on behalf of the Beneficiary.

5. MONITORING AND EVALUATION

5.1 Monitoring

Regular monitoring will be a continuous process as part of the Commission's and ASEAN Secretariat responsibilities through the review of reports and regular communication. Reports will include a breakdown of progress and results on all sub-projects and their components, including those in the implementation of specific activities at the regional and national levels.

ASEAN Secretariat will review TA reports and convey their comments to the EUD.

Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out Results Oriented Monitoring missions during the course of implementation.

5.2 Evaluation

a) Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external evaluations, as follows:

- a mid-term evaluation mission;
- a final evaluation, at the beginning of the closing phase;

b) The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project, including readjustment reflecting absorption capacity. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.

c) The Commission shall inform the Beneficiary at least one month in advance of the dates foreseen for the external missions. The Beneficiary shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

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6. COMMUNICATION AND VISIBILITY

Noting that this Action is specifically concerned with dialogue between the EU and ASEAN in non-trade related sectors, communication, awareness building and visibility is an essential element of the project. The European Commission and the ASEAN Secretariat will promote visibility through the deployment of short-term TA under the TA contract. Visibility activities will in particular stimulate and enhance the involvement of ASEAN Member States, EU DGs and EU Members States, as well as representatives of professional and sectoral stakeholders as identified above.

Information and visibility activities will be designed by the Technical Assistance Team under the joint responsibility of the European Commission and ASEAN Secretariat. They will consist mainly of events directly related to the project activities and results, directed to the relevant target groups: i.e. relevant ASEAN Collegial Bodies, relevant ASEAN line ministries, and other relevant stakeholders from civil society (i.e professional organisation, media, etc... Diffusion of publications will also be ensured.

EU Delegations in ASEAN countries will be kept informed about project implementation activities and progress. These regular contacts will also serve as a channel for the EU Delegations to be involved in country-specific visibility activities and to strengthen the policy dialogue with relevant agencies.

7. SPECIAL CONDITIONS

- The experts from ASEAN Member States and Secretariat receiving the assistance and training shall be those closely associated with the policy-drafting process and implementation in the relevant sectors and have a longstanding involvement.
- ASEAN Secretariat will engage in a continuous dialogue with the relevant Senior Officials Meetings in order to secure the necessary political and logistical support for the objectives of the programme.
- ASEAN Secretariat will appoint and assign, at an appropriate professional level, the counterpart staff required for the implementation of the project. The ASEAN Secretariat will seek to maintain line staff in their posts where the Project has invested training and other resources in them.
- ASEAN Member States will appoint and assign, at an appropriate professional level and closely associated with the regional integration process, counterpart staff to coordinate project activities at the national level
- The ASEAN Secretariat will grant to the EU staff of the Project - and to their families - benefits, privileges and exemptions which are no less favourable than those granted to expatriates under other bilateral or multilateral agreements or arrangements for technical co-operation.

8. ATTACHMENTS

Attachment 1 – Logical Framework.

Annex II: Indicative Logical Framework: READI Facility

	Intervention logic	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions and risks
Overall Project objective	The overall objective (OO) of the project is to support ASEAN integration. It is expected that by achieving this goal citizens of the ASEAN Member States will benefit from stronger economic growth, increased leverage as a union, and enhanced social opportunities as standards of living are ultimately improved amongst all its member states.	<ul style="list-style-type: none"> Number of policies in force in non-trade sectors More indicators will need to be defined at the beginning of the project (labour mobility, enhanced environment protection...) 	<ul style="list-style-type: none"> ASEAN Publications ICM – JCC reports EU-ASEAN Senior Officials Minutes of Meeting 	<ul style="list-style-type: none"> ASEAN continuous commitment to regional economic integration and the achievement of the VAP objectives, particularly in its stated aim to improve the quality of regional statistics.
Specific Objectives	The project purpose (PP) is to support the implementation the ASEAN community blue prints, drawing on European experience and know how through sectoral policy dialogue and knowledge development supporting thus the policy development process in non-trade related areas.	<ul style="list-style-type: none"> Regional agreements in relevant sectors 	<ul style="list-style-type: none"> ASEAN Integration monitoring reports Project reports 	<ul style="list-style-type: none"> It is assumed that ACC and SC Blue prints will be adopted during 14th Summit Commitment from AMS to the sectors supported by the project

Project Results	Intervention logic	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions and risks
	<ol style="list-style-type: none"> 1. Development of concrete action plans for integration and/or contribution to the ASEAN Secretariat and AMS collegial bodies ' work to further integration in non-trade sectors (i.e supporting implementation of the action plans) 2. Improved institutional capacity of the ASEAN (ASEAN Secretariat, ASEAN Collegial bodies, ASEAN Chair countries, and ASEAN Member States) to support the integration process 3. Extended and strengthened ASEAN-EU network in areas of relevance to the ASEAN's priorities, leading to effective learning process through an exchange of experience between EU and ASEAN. 	<ul style="list-style-type: none"> ▪ Documents and written contributions produced ▪ Decisions taken in the relevant sectors by WG, DGs, SOM, MM ▪ Increase communication and information from ASEAN ▪ Increased contacts with international experts ▪ Increased consultation with CSO / % of targeted CSOs having participated in policy dialogue ▪ WG working more effectively thank to better preparation, moderation and conclusion 	<ul style="list-style-type: none"> • Project records • Minutes of ASEAN meetings 	<ul style="list-style-type: none"> • Full participation of selected staff in training programmes • Fulfilment of the counterpart and beneficiary's commitments to the sectors selected • Effective responsiveness from EU line DGs • Adequate co-ordination with other donor agencies • Risk that common ground cannot be found to allow AMS to agree on specific goal

Activities	Inputs	Estimated Costs	Assumptions and Risks
0. Management of the Facility:			
<ul style="list-style-type: none"> Define overall Annual Work Plans Follow up on project implementation activities Identify areas of concern and define actions to overcome issues Identify and deploy technical resources Support financial & administration management Establish a system to co-ordinate activities with other donors (AUSAID, ADB, Germany, Japan, USAID, World Bank, others) Establish a proper information system with main stakeholders and ensure visibility Prepare and support PSC meetings and co-ordinate involvement in collegial bodies meetings 	<ul style="list-style-type: none"> 1 TA Team leader: 40 months: <ul style="list-style-type: none"> - Project Management - Training support - Implementation monitoring Operational support Travel and Per diem 		
<ul style="list-style-type: none"> Ensure visibility of the programme 	<ul style="list-style-type: none"> Visibility materials and actions 		
1. Facility Core Activities			
1.1 Development / implementation of concrete action plans for integration and/or contribution to the ASEAN Secretariat and AMS collegial bodies' work to further integration in non-trade sectors (through capacity building, institutional strengthening, studies, gap analysis)	<ul style="list-style-type: none"> Contribution from Team Leader ST TA Travel and Per diem 		
1.2 Improved institutional capacity of the ASEAN (ASEAN Secretariat, ASEAN Collegial bodies, ASEAN Chair countries, and ASEAN Member States) to support the integration process (through capacity building, institutional strengthening, studies, gap analysis)	<ul style="list-style-type: none"> Contribution from Team Leader ST TA Travel and Per diem 		
1.3 Extended and strengthened ASEAN-EU network in areas of relevance to the ASEAN's priorities, leading to effective learning process through an exchange of experience between EU and ASEAN. (through study tours, dialogues, workshops)	<ul style="list-style-type: none"> Contribution from Team Leader ST TA Travel and Per diem 		
Monitoring, Audit and Evaluation			

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