

ORIGINAL

FINANCING AGREEMENT

between

THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

and

THE EUROPEAN UNION

"Support to ASEAN Economic Integration"



A handwritten signature and the number "12" with a horizontal line underneath it.

DCI-ASIA/2010/021-627

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THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

and

THE EUROPEAN UNION

"Support to ASEAN Economic Integration"



Handwritten signature and initials.

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",

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 programme:

"Support to ASEAN Economic Integration"
DCI-ASIE/2010/021-657

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

1.2 This programme 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 programme is estimated at 15 300 000 euro.

2.2 The EU undertakes to finance a maximum of 15 000 000 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.

ARTICLE 3 – THE BENEFICIARY’S CONTRIBUTION

3.1 The Beneficiary shall contribute 300 000 euro to the programme.

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 96 months after this date.

ARTICLE 5 - ADDRESSES

All communications concerning the implementation of the financing agreement shall be in writing, refer expressly to the programme 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

Deputy Secretary-General of ASEAN for ASEAN Economic Community

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 – 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 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 for Asia and Central Asia
EuropeAid Development and
Cooperation Directorate-General

[Signature]

[Date]



FOR THE BENEFICIARY

Surin Pitsuwan
Secretary General of ASEAN

[Signature]

[Date]

12 Dec. 2011

ARTICLE 17 - ENTRY INTO FORCE OF THE TREATY

1. The Treaty shall enter into force on the day when it has been ratified or approved by all the States mentioned in Article 1.

2. In the event of a delay in the ratification or approval of the Treaty by one or more of the States mentioned in Article 1, the Treaty shall enter into force for those States which have ratified or approved it on the day when they have done so.

IN WITNESS WHEREOF, the undersigned, being the plenipotentiaries of the States mentioned in Article 1, have signed the Treaty and have affixed their seals.

[Handwritten signatures and text, including "1948" and "10 April 1948"]

[Handwritten signature]

The Council of Europe
Strasbourg

ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING

ARTICLE 1 – GENERAL PRINCIPLE

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

1.2 The provision of the EU 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-EU 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 EU financing. Should it so agree, the excess costs shall be financed, without prejudice to the relevant EU 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 EU 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 EU 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

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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 EU 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 EU 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 EU financing.

9.2 The State of the Beneficiary shall apply to procurement contracts and grants financed by the EU 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 EU 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 EU 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 EU 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 EU law for the protection of the financial interests of the EU 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 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 EU 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 partie's 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 TO FINANCING AGREEMENT N° DCI-ASIE/2010/21657

TECHNICAL AND ADMINISTRATIVE PROVISIONS

BENEFICIARY REGION	Association of Southeast Asian Nations (ASEAN)		
REQUESTING AUTHORITY	ASEAN Secretariat		
BUDGET HEADING	19.100101		
TITLE	Support to ASEAN Economic Integration		
TOTAL COST	Total cost of the project: EUR 15.3 million EU contribution: EUR 15 million ASEAN Secretariat in-cash contribution: EUR 0.3 million		
AID METHOD / MANAGEMENT MODE	Project approach Direct centralised management		
DAC-CODE	33130	SECTOR	Regional trade agreements

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1. RATIONALE

1.1. Economic and social situation

With about 600 million people and a GDP estimated to exceed USD1.5 trillion in 2009, ASEAN is an important and dynamic economic region. Yet the economic situation in the ASEAN region is diverse and the levels of income differ substantially, ranging from Brunei and Singapore which have smaller populations and high per capita incomes through Malaysia and Thailand, which are upper middle income economies, to the Philippines and Indonesia, which are lower middle income economies and Viet Nam which is a low income economy to Cambodia, Lao PDR and Myanmar which are among the least developed countries according to the United Nations designation.

According to the Human Development Index (HDI) 2008, Brunei and Singapore rank as very high human development, Malaysia ranks as high human development while the other ASEAN Member States rank as medium human development. In particular, Lao PDR (ranked 133), Myanmar (ranked 135) and Cambodia (ranked 136) rank in the bottom quartile of the medium human development group.

ASEAN integration and integration into the global economy can serve to accelerate economic development in the less developed countries in ASEAN and to narrow the development gap. For example, having been integrated into the world economy through the World Trade Organisation and ASEAN, Viet Nam experienced rapid economic growth and an improving HDI. Viet Nam is "catching-up" with Indonesia and the Philippines since its income and the HDI have increased about twice as fast as compared with those two economies in the last 15 years.

1.2. Sector context

Within the overall context of economic and political integration, the ASEAN countries are pursuing an ambitious agenda of creating a single market and production base based on five core elements: free flow of goods, free flow of services, free flow of investment, a freer flow of capital and free flow of skilled labour. In view of this, the leaders of ASEAN adopted at their summit in Singapore in November 2007 a blueprint defining the required actions to achieve this goal: the ASEAN Economic Community Blueprint (AECB). The present programme will support the free flow of goods as well as institutional strengthening underpinning the integration process.

Intra-ASEAN trade in goods has increased from 21% of total ASEAN trade in 1998 to 24% in 2009. Average tariffs inside ASEAN have come down to effectively zero tariff for ASEAN-6¹ over the same period. However, there are still significant barriers for achieving the ASEAN single market and production base, in particular in the fields of customs integration including transport arrangements and standards/technical barriers to trade.

In line with targets of the AECB, the modernisation and integration of customs systems in ASEAN countries proceed along two main avenues: establishment of the ASEAN Single Window as well as integration of the ASEAN customs systems. ASEAN has agreed on the concepts and guiding principles to facilitate the free movement of goods and has finalised most of the necessary regional agreements and related protocols. While further support to the regional processes is required, one of the overarching challenges in this field is to start the implementation of the ASEAN Customs Transit System.

To make effective use of an integrated ASEAN customs system, it will also be necessary to harmonise transports regulations. For the time being trucks, for example, cannot cross most borders in the region due to incompatible national regulatory measures. ASEAN has adopted three regional agreements on transport. Support is required to ensure the effective implementation of such harmonised regulations.

¹ ASEAN-6 comprises: Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand

In the field of standards and technical barriers to trade, ASEAN countries have, in line with the targets of the AECB, adopted a wide range of mutual recognition arrangements for priority products. However, for the effective functioning of such mutual recognition, it is required to develop a consistent framework to establish a quality infrastructure system across the region, including conformity assessment and Post Market Surveillance. A key challenge will be to foster the establishment of a cost-effective system through regional cooperation and coordination.

The ASEAN integration process is hampered by the complex institutional set-up and the still evolving roles of various ASEAN institutions to support the integration process. With the entry into force of the ASEAN Charter, ASEAN has established a new framework to enhance the management of its integration (ASEAN Coordinating Council, ASEAN Community Councils, and the Committee of Permanent Representatives to ASEAN) and the ASEAN Secretariat has been reorganised. The experiences from the EU integration process constitute a unique source of input for reflections on and strengthening of the ASEAN integration process.

1.3. Lessons learnt and complementarity

Implementation of existing EU programmes supporting ASEAN Secretariat has in various cases been constrained by effective capacity in the ASEAN Secretariat and ASEAN Member States sectoral bodies. Despite a decision to increase the overall resources of the ASEAN Secretariat by 50% in 2009, effectively enhancing the capacity of the ASEAN Secretariat is still considered essential for supporting the ambitious integration agenda.

ASEAN Member States faces also difficulties in transposing and implementing their regional commitments at the national level. The present programme proposes to focus on a narrower set of integration initiatives with view to provide limited in-country support to facilitate the effective implementation of activities in the countries.

Direct engagement with ASEAN sectoral bodies where all ASEAN Member States are represented has proven instrumental in responding to ASEAN Member States' concerns and enhance ownership of results. The present programme will further build on and strengthen such engagement with ASEAN Member State bodies in design and implementation of programme activities.

Both the mid-term review and the results oriented monitoring of the "ASEAN Programme for Regional Integration Support Phase II" (APRIS II) identified the need to develop results indicators at programme and regional levels. This will be developed further at the beginning of the programme, in consultation with the ASEAN Member States in the ASEAN sectoral bodies. The coordination between regional and national initiatives remains generally weak. A continued effort shall be adopted to make a more consistent multilevel approach.

The EU supports ASEAN through a number of programmes, mainly focussing on economic integration and trade related areas:

- APRIS II 2006-2010, has significantly contributed to building the foundations for the proposed programme, especially in the areas of customs, standards and capacity building of the ASEAN Secretariat; the proposed action will build on the results achieved by APRIS II.
- EU-ASEAN Statistical Capacity Building Programme (EASCAB) 2009-2011, targets mainly economic statistics. The proposed programme which will support the "ASEAN Computerised Customs Transit System" will indirectly benefit to the ASEAN Statistics, since the system will generate consistent data on trade.
- ASEAN Project on the Protection of Intellectual Property Rights (ECAP III) 2010-2014, addresses enforcement of Intellectual Property Rights.

- ASEAN Air Transport Integration Project (AATIP) 2010-2012, supports the development of an ASEAN Single Aviation Market (ASAM).
- Enhancing Economic Partnership 2011-2013, supports ASEAN Free Trade Agreement negotiating capacity.

In addition, there are regular dialogues between the EU and the ASEAN on regulatory issues. The European Commission Directorate Generals (e.g. Trade, Taxation and Customs Union, Enterprise and Industry, Health and Consumer Protection, Information Society and Media) are key interlocutors who have provided added value to the cooperation under APRIS II. The proposed programme will carry on actively involving them.

The programme will also have to coordinate with the bilateral assistances in the ASEAN Member States, in order to ensure consistencies among the various actions when appropriate. In particular, the following EU programmes will have to be considered:

- Trade Support Programme II in Indonesia.
- Facilitation Team of Lao PDR Trade Development Facility/multi donor trust fund.
- EU Small and Medium Enterprises (SMEs) development programme in Lao PDR.
- Trade Related Technical Assistance II in the Philippines.
- Thailand EC Cooperation programme Phase II in Thailand.
- Multilateral Trade Assistance Project (MUTRAP III) in Vietnam.

In addition to the EU, Australia, United States (US) and Germany are key donors supporting ASEAN economic integration. The proposed programme is complementary to the ASEAN-Australia Development Cooperation Programme phase II (AADCP II) focussing on trade in services, investment, tourism services, logistical services, food and agriculture, as well as narrowing the development gap. AADCP II will notably support the development of a corporate development scoping study, whose findings will be taken in account for defining activities supporting the institutional strengthening of ASEAN Secretariat (Component III).

The programme is also designed to be complementary to the other customs related programme from the United States Agency for International Development (USAID) supporting the ASEAN Single Window. Greater coordination with the Asian Development Bank (ADB) is essential, given their involvement in the implementation of the Greater Mekong Sub-region (GMS) Cross-Border Trade Agreement (GMS-CBTA) and the necessity to ensure the technical compatibility of systems being developed through the two programmes.

Finally, close cooperation will be ensured with Germany. Gesellschaft für Internationale Zusammenarbeit (GIZ) Capacity Building International is a capacity building facility funded by Germany. GIZ's project is to strengthen the institution and capacity building of the ASEAN Secretariat. The project focuses on certain aspects of the institutional strengthening of the ASEAN Secretariat and works a lot with the Legal Services and Agreements Division and in the area of economic cooperation it focuses on Competition Policy. The project also includes a media and communication component.

The Physikalisch-Technische Bundesanstalt (PTB) the national metrology institute in Germany is supporting activities related to metrology in ASEAN National Laboratories.

In general the donors' interventions above target very specific sectors which prevent from any overlap, except in the case of wide institutional building support, where close coordination will be essential.

1.4. Donor coordination

There is good exchange of information among the partners who are supporting ASEAN and the ASEAN Secretariat including ADB, Australia, Canada, European Union, Germany, Japan, New Zealand, and the United States. The ASEAN Secretariat manages coordination of the existing programmes on an on-going basis. However, there is no formalised overall coordination process in place. With the establishment of the Committee of Permanent Representatives to ASEAN, coordination on programmes and projects has been assigned to the Committee of Permanent Representatives. The Committee of Permanent Representatives and its Sub-Committee on Development Cooperation have initiated bilateral dialogue with ASEAN Dialogue Partners and are expected to provide further impetus to more effective coordination mechanisms on development cooperation.

Coordination will also be enhanced at the sectoral level through the engagement with the ASEAN sectoral bodies, when necessary.

2. DESCRIPTION

2.1. Objectives

The objective of the programme is to support ASEAN Integration through contributing to the implementation of the ASEAN Economic Community (AEC) Blueprint for the realisation of the AEC.

The purpose of the programme is to enhance the capacities of the ASEAN Member States in harmonising and implementing policies and regulations in the economic sectors and implement them effectively drawing on EU experience, so as to contribute to the realisation of the AEC. The programme will also enhance the capacity of the ASEAN Secretariat to support ASEAN Member States in this endeavour.

2.2. Expected results

The present programme will in an integrated manner be targeting three different levels:

Component I will provide support to the strengthening of the management of the overall integration process. This will be a demand responsive facility that can provide support to various ASEAN bodies with the aim of strengthening the institutional arrangements and management of the integration process, inter alia through the exchange of integration experience between ASEAN and EU.

Component II will seek to support concrete integration results through targeted support to areas with strong ASEAN commitment to advance the integration agenda. The support will focus on customs integration/transit arrangements and technical barriers to trade. The support will target the ASEAN Secretariat, the relevant ASEAN sectoral bodies and follow up actions in specific ASEAN countries. The specific activities will be further detailed reflecting inter alia the ASEAN Member States' readiness to implement the relevant economic integration measures.

Component III will seek to enhance the capacity of the ASEAN Secretariat, inter alia through provisions for temporary increase of staff to support the integration process and the functioning of the ASEAN Secretariat.



Result I - Overall ASEAN economic integration process management strengthened

- I-1 Enhanced management of integration process through intensified EU ASEAN dialogue on wider strategic options drawing on EU experience.
- I-2 Monitoring system in place for the specific integration initiatives under the programme.

Result II - Progress in achieving free flow of goods within ASEAN

II-1 Enhanced trade facilitation measures

- II-1-a Progress in removing barriers related to transport: preparation for and implementation of the ASEAN Framework Agreement on the Facilitation of Goods in Transit 1998 (AFAFGT), the ASEAN Framework Agreement on Multimodal Transport (AFAMT), the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) and other relevant ASEAN transport agreements to facilitate movement of goods and passenger vehicles, and implementation of connectivity initiatives.
- II-1-b Progress in removing barriers related to customs: development and implementation of initiatives to integrate and harmonise customs programmes and processes in support of the AEC goals. This will entail in particular further preparation for the implementation of the pilot ASEAN Customs Transit System.

II-2 Progress in removing non-trade barriers (standards)

The programme will support ASEAN in harmonising its standards and reduce the technical barriers to trade as identified in the AECB, and focus on priority on agro-based, automotive, healthcare and electrical and electronic equipment which are among the twelve ASEAN priority sectors for integration.

- II-2-a Enhanced legal framework for ASEAN quality infrastructure, built on the ASEAN policy guideline on standards and conformance, and drawing upon the EU experience.
- II-2-b Accreditation and conformity assessment procedures and post market surveillance systems agreed and implemented.
- II-2-c Enhanced national quality infrastructure in Cambodia Lao PDR, Myanmar and Viet Nam (CLMV), including CLMV access to regional conformance assessment networks.
- II-2-d Comprehensive programmes for stakeholders' engagement in integration initiatives in particular the business community and the Small and Medium Size Enterprises (SMEs).

Programme support will focus on priority sectors based on credible implementation plans.

Result III - Strengthened capacity of the ASEAN Secretariat to support AEC implementation and integration

- III-1 Increased staff capacity of the ASEAN Secretariat, in the form of external staff and/or seconded national experts, to support ASEAN economic integration process in particular but not limited to, in the key integration initiatives in component II.
- III-2 Development of institutional capacity of the ASEAN Secretariat in particular but not limited to the areas identified in the four pillar assessment (such as internal audit and procurement procedures for ASEAN Secretariat to be fully compliant with the four pillar assessment). Other

aspects of the ASEAN corporate development plan currently under development might also be supported.

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.

2.3. Activities and implementation timetable

Main activities to achieve the above results will include:

- Capacity building activity targeting relevant key officials of ASEAN Member States and the ASEAN Secretariat officers. It is expected that this will enable these actors 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.
- The programme will in particular assist to the elaboration and implementation of ASEAN work plans for priority sectors identified jointly with the relevant ASEAN sectoral bodies. These work plans will be defined based on clear expected results and gaps analysis.
- In the context of the support the development of the ASEAN Customs Transit System, it is foreseen to provide specific Information Technology services for the support to the development of a model system based on the EU customs transit system (see details below).

To support the above, the programme may among others provide advisory services, studies, study tours, seminars and workshops, working groups' activities and staff reinforcement.

With respect to the implementation of the ASEAN Customs Transit System – Protocol 7 of AFAFGT, the programme will support efforts to help ASEAN prepare for the implementation of a fully operational automated ASEAN Customs Transit System. The following activities were identified:

- Support the establishment of the ASEAN Customs Transit System Management Board (composition, mandate, financial mechanisms).
- Support to the establishment of the central service unit and financial plan.
- Design of the technical specification for the system / preparation of tender documents.
- Support to the identification of the funding for the system itself (development and installation of the application in the pilot system).
- Development of an initial model for the system (this requires the purchase of ICT services).

As much as possible, dialogue and sharing of experiences with the European Commission Directorate General for Taxation and Customs Union and EU Member States customs authorities will be organised.

With respect to Component III, strengthening of ASEAN Secretariat capacity, it is foreseen to support increased staffing for the ASEAN Secretariat during the transition process to 2015. To ensure effective management of the new programme, it seems necessary to reinforce the ASEAN Secretariat with at least 6 senior level technical staff positions.

3. LOCATION AND DURATION

3.1. Location

The primary location will be in Jakarta, Indonesia where the ASEAN Secretariat is located. Other activities will occur in the ASEAN Member States and, when study tours are concerned, in Europe.

3.2. Duration

The period of execution of the Agreement will be 96 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 72 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.

4. IMPLEMENTATION

4.1. Organisational set-up and responsibilities

The project will be implemented by the European Commission, through the Delegation of the European Union to Indonesia.

The contracts will include technical assistance services (advisory services and IT services), a grant contract with the ASEAN Secretariat, and provision for evaluation, communication and audit.

The technical assistance services (including provision of long-term and short-term expertise) will be contracted by the Delegation of the European Union. The technical assistance services will work closely with and assist the ASEAN Secretariat, the relevant ASEAN sectoral bodies which serve as focal group to the respective areas of support, and the ASEAN Member States in the implementation of the programme.

The other elements linked to component III will be implemented through a grant agreement with the ASEAN Secretariat.

ASEAN Secretariat is the lead implementing partner and will ensure the smooth and efficient coordination of the programme.

A Programme Steering Committee (PSC) shall be set up to oversee and validate the overall direction and policy of the project. The PSC shall meet twice a year and on ad hoc basis, if so required.

The PSC shall be made up of:

- A representative from the Delegation of the European Union to Indonesia.
- A representative of the ASEAN Country Coordinator for ASEAN-EU dialogue relations.
- The Deputy Secretary-General of ASEAN for ASEAN Economic Community or his nominee.
- The Deputy Secretary-General of ASEAN for Community and Corporate Affairs or his nominee.

Other representatives from ASEAN Member States and the ASEAN Secretariat may be invited to attend the meeting.

The PSC will assist the Delegation of the European Union and the ASEAN Secretariat by:

- Reviewing and approving plans of operations, Annual Work Plans, including technical assistance requirements, taking into account the recommendation of the ASEAN Sectoral Bodies.
- Reviewing monitoring and progress reports and participating in all monitoring and evaluation processes.
- Providing guidance and facilitate overall programme implementation.

For the specific areas foreseen under component II, the programme will be guided by the relevant ASEAN sectoral bodies through at least annual meetings, so as to ensure full ownership by the beneficiary, e.g, ASEAN Consultative Committee on Standards and Quality (ACCSQ), ASEAN Directors-General of Customs and Transport Transit Coordinating Board (TTCB).

For the specific areas foreseen under component III, the programme will be guided by consultations with the ASEAN Sub-Committee on Development Cooperation.

4.2. Reporting

The technical assistance will report on progress of the components one and two biannually to the PSC and the Delegation of the European Union.

ASEAN Secretariat will report biannually on progress of component three to the PSC and the Delegation of the European Union.

4.3. Programme budget

The total project cost is estimated at EUR 15.3 million, of which 15 million shall be financed from the general budget of the European Union and 0.3 million from the ASEAN Secretariat budget. In-kind contributions such as office space will be contributed by the ASEAN Secretariat. In-kind contribution will also be provided in the form of allocation of staff at the ASEAN Member States national level to follow up on the implementation of the initiatives supported by the programme.

Categories (in EUR)	EU Contribution	ASEAN Contribution	Total
1. Grant contract with ASEAN Secretariat	3,000,000	300,000	3,300,000
2. Services	11,500,000	0	11,500,000
2.1. Technical assistance	10,700,000	0	10,700,000
2.2. Visibility	300,000	0	300,000
2.3. External evaluation	400,000	0	400,000
2.4. Audit	100,000	0	100,000
3. Contingencies	500,000	0	500,000
TOTAL	15,000,000	300,000	15,300,000

4.4. Mobilisation of the programme budget

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

5. MONITORING AND EVALUATION

5.1. Monitoring

Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external monitoring of the programme under the ROM system.

In addition, under component I.2 technical assistance will be provided to develop an ASEAN monitoring system in the key areas supported by the programme.

5.2. Evaluation

- a) The Commission will carry out external evaluations via independent consultants, as follows:
 - A mid-term evaluation mission.
 - A final evaluation, at the beginning of the closing phase.
 - Possibly, an ex-post evaluation.
- b) The Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. 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 three months 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.

6. COMMUNICATION AND VISIBILITY

Communication, awareness building and visibility is an essential element of the project. The Delegation of the European Union will contract such services separately.

Media coverage of high level meetings may also be ensured through cooperation on public awareness with the ASEAN Secretariat and GiZ.

Delegations of the European Union in ASEAN Member States will be kept informed about project implementation activities and progress and will in turn contribute to the visibility of the programme in the individual ASEAN Member States.

7. SPECIAL CONDITIONS

- Staff funded under the programme shall be additional to existing ASEAN Member States' plans of increased resources for the ASEAN Secretariat.
- 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 endeavour to maintain line staff in their posts where the project has invested training and other resources in them.
- The experts from ASEAN Member States and the ASEAN 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, in consultation with the Committee of Permanent Representatives, ensure proper donor coordination for each of the two specific sectors identified for support under component II.

8. APPENDIX

Appendix 1 – Logical Framework.

LOGICAL FRAMEWORK Matrix Support to ASEAN Economic Integration - CRIS No. DCI-ASIE/2010/021657

Intervention logic	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
Overall Objective			
The objective is to support ASEAN Integration through contributing to the implementation of the ASEAN Economic Community (AEC) Blueprint for the realisation of an AEC.	<ul style="list-style-type: none"> - Increased intensity of intra-regional and extra-regional trade flows. - ASEAN Member States (AMS) improve performance in comparative investment, costs of doing business, competitiveness and trade climate surveys. - Enterprises making use of opportunities offered by regional integration. 	<ul style="list-style-type: none"> - Statistics from ASEAN Secretariat, World Bank, EUROSTAT, World Trade Organisation, United Nations, ASEAN Development Bank. - ASEAN reports. - Private sector surveys. 	
Programme purpose			
The purpose is to enhance the capacities of the ASEAN Member States in harmonising and implementing policies and regulations in the economic sectors and implement them effectively drawing on EU experience, so as to contribute to the realisation of an AEC. The programme will also enhance the capacity of the ASEAN Secretariat to support ASEAN Member States in this endeavour.	<ul style="list-style-type: none"> - More effective economic integration. - Stronger ASEAN Institutional Framework. - Effective implementation of relevant regional agreements. - Effective institutions supporting regional integration. 	AEC enhanced scorecard Monitoring reports.	<ul style="list-style-type: none"> - Political and security situation remains stable. - AMS are committed to achieving AEC. - Suitable skilled personnel are available and can be retained by ASEAN Secretariat.

COMPONENT I: Overall ASEAN economic integration process management strengthened			
Expected results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
II-1 Enhanced management of integration process through intensified EU ASEAN dialogue on wider strategic options drawing on EU experience.	<ul style="list-style-type: none"> - Number of high level meeting between EU and ASEAN on economic integration issues. - Number of business communities meeting between EU and ASEAN on economic integration issues. - Elaboration of specific ASEAN policy papers. - Decisions taken in the relevant ASEAN bodies (ASEAN Economic Council, ASEAN Economic Ministers, Senior Economic Officials Meeting, Committee of Permanent Representatives and other relevant ASEAN officials in AMS). 	<ul style="list-style-type: none"> - ASEAN Reports and decisions; media reports. 	<ul style="list-style-type: none"> - Political continuity, and continued ASEAN Secretariat/AMS commitment to achieving AEC. - EU & ASEAN commitment to dialogue.
II-2 Monitoring system in place for the specific integration initiatives under the programme.	<ul style="list-style-type: none"> - Monitoring systems for the two sectors under Component II in place during first year of implementation. - Baseline survey done the first year for the two sectors. 	<ul style="list-style-type: none"> - ASEAN Secretariat documentation. 	<ul style="list-style-type: none"> - AMS and ASEAN Secretariat take ownership of system and results and cooperate in measuring and assessing progress.

COMPONENT II: Progress in achieving free flow of goods within ASEAN			
Expected results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
<u>II-1 Enhanced trade facilitation measures</u>			
II-1-a Progress in removal of barriers related to transport: cross border transport facilitated through simplified transport regulations and Mutual Recognition Arrangements.	<ul style="list-style-type: none"> - All three agreements and related protocols agreed and ratified by AMS. - Implementation of the three framework transport agreements in at least 5 AMS. - Number of companies/vehicles benefiting from the barrier removal. 	<ul style="list-style-type: none"> - ASEAN meeting records. - Published strategy and action plan. - Project progress reports and evaluations. - Survey of traders. 	<ul style="list-style-type: none"> - AMS timely ratifies the remaining protocols necessary for the implementation of the three agreements.
II-1-b Progress in removal of barriers related to customs goods transit facilitated through simplified and harmonised customs procedures.	<ul style="list-style-type: none"> - Implementation of the customs air cargo clearance processing model – Pilot phase for other modes. - Improved Transparency in access to decisions and processes. - Implementation of the origin self certification scheme and level of utilisation of ASEAN Common Effective Preferential Tariff (CEPT). - Progress in mutual cooperation in information sharing and enforcement. - Progress in developing an ASEAN wide risk management framework. - Work plans developed and effectively used. - Management structures of ASEAN Customs Transit System (ACTS) for the pilot system in place - technical specifications for the ICT application and pilot developed. 	<ul style="list-style-type: none"> - ASEAN Reports. - Published strategy and action plan. - Surveys of traders. - Project progress reports and evaluations. 	<ul style="list-style-type: none"> - Commitment from AMS. - Decision by AMS followed by allocation of resources at national level for implementation of the decisions. - Protocol on customs transit system approved by AMS.
<u>II-2 Progress in removing non trade barriers (standards)</u> Effective implementation of ASEAN Mutual Recognition Arrangements in selected sectors (agro-based, automotive, healthcare and electrical and electronic equipment).	<ul style="list-style-type: none"> - Enhanced legal framework for quality infrastructure. - Strategy for regional reference laboratories. - Number of Mutual Recognition Agreements agreed and ratified. - Network of accreditation and conformity assessment bodies established. - Post market surveillance systems in place. - Level of use of regional conformance assessment networks by Cambodia, Lao PDR, Myanmar, Viet Nam. 	<ul style="list-style-type: none"> - ASEAN meeting records. - Reports to SEOM. - Survey of AMS and stakeholders. - Survey of business users. - Project progress reports and evaluations. 	<ul style="list-style-type: none"> - Commitment from AMS. - Decision by AMS followed by allocation of resources at national level for implementation of the decisions.

	- Action plans for greater involvement of private sector developed.		
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COMPONENT III: Strengthened capacity of the ASEAN Secretariat to support AEC implementation and integration in the following areas:			
Expected results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions
III-1 Increased staff capacity of the ASEAN Secretariat in areas relevant to the programme.	<ul style="list-style-type: none"> • Qualified staff are recruited at the end of year 1. 	<ul style="list-style-type: none"> • Monitoring and evaluation reports. 	ASEAN Secretariat is able to complete the transition to larger staff successfully and can recruit and retain qualified staff. ASEAN Secretariat and AMS are committed to institutional strengthening and improved governance.
III-2 Enhanced capacity of the ASEAN Secretariat.	<ul style="list-style-type: none"> • ASEAN Secretariat fulfils the four pillar assessment in the timeframe of the programme. • Implementation of ASEAN Secretariat corporate development plan. 	<ul style="list-style-type: none"> • Second four-pillar assessment mission. • ASEAN Secretariat report. • Monitoring and evaluation reports. 	

Activities	Type of activities	Resources
Comp. O	Overall programme management	TA services
	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.	
Comp. I	Overall ASEAN Economic integration process management	TA services
	a. Capacity building of ASEAN high level bodies and institutions to support the integration process (through workshop, sharing experience with the EU, study visit, development of action plans for strengthening the integration management process).	
	b. Development of a monitoring system, including a baseline survey on the two sectors, so as to measure the progress made during the programme timeline. Annual monitoring in line with the system developed.	

Activities	Type of activities	Resources
Comp. II	Support to achievement of free flow of goods within ASEAN	TA services
II-1	Enhanced Trade Facilitation measures	
II-1-a Transport	Support to the preparation for and implementation of the ASEAN Framework Agreement on the Facilitation of Goods in Transit 1998 (AFAFGT), the ASEAN Framework Agreement on Multimodal Transport (AFAMT), the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) and other relevant ASEAN transport agreements to facilitate movement of goods and passenger vehicles, and implementation of connectivity initiatives.	
II-1-b Customs	<ul style="list-style-type: none"> - Support to the implementation of the Customs Cargo Processing Model in all modes to streamline and harmonise customs clearance procedures; Improvement of consistency and transparency in customs valuation and tariff classification interpretation and administration; Continuous support to an origin self certification scheme that contributes to increased rate of CEPT utilisation; Strengthening of customs mutual assistance co-operation and information sharing on enforcement matters; Support to a risk management framework leading to a common strategic approach to risk management; Improved capacity and strengthened human resource management in the AMS; and Improved planning, monitoring and reporting processes for customs integration and harmonisation efforts at both the ASEAN Secretariat and AMS levels. 	
	<p>With respect to the Implementation of the ACTS – The programme will support the development and implementation of initiatives to integrate and harmonise customs programmes and processes in support of the AEC goals. This will entail in particular further preparation for the implementation of the pilot ACTS.</p> <ul style="list-style-type: none"> - Support the establishment of the ACTS Management Board (composition, mandate, financial mechanisms); support to the establishment of the central service unit, and financial plan ; design of the technical specification for the system / preparation of tender documents; support to the identification of the funding for the system it-self (development and installation of the application in the pilot system); development of an initial model for the system (this may require the purchase of ICT services). 	
II-2	Progress in removing non trade barrier (standards)	
Standards	<p>The programme will support ASEAN in harmonising its standards and reduce the Technical Barriers to Trade as identified in the AEC Blueprint, and focus on priority on agro-based, automotive, healthcare and electrical and electronic equipment among the 12 ASEAN priority sectors for integration.</p> <ul style="list-style-type: none"> - Support to the development of an enhanced legal framework for ASEAN quality infrastructure, built on the ASEAN Policy Guideline on Standards and Conformance, and drawing upon the EU experience; Support to the implementation of the harmonised technical regulations and MRAs for agro-based, automotive, healthcare and electrical and electronic equipment sectors by 2015; Support to the development and implementation of accreditation and conformity assessment procedures in line with international competence criteria leading to a network of accreditation and conformity assessment bodies and the establishment of regional reference laboratories; Support to CLMV to enhance national quality framework in line with regional objectives by enhancing access to regional conformance assessment networks; Support to the development of comprehensive programmes for stakeholder engagement in integration initiatives in particular the business community and the SMEs. 	

Activities	Type of activities	Resources
Comp. III Strengthened capacity of ASEAN Secretariat		
	<p>III-1 Recruitment of additional staff by ASEAN Secretariat.</p> <p>III-2 Development of institutional capacity of the ASEAN Secretariat in particular but not limited to the areas identified in the four pillar assessment (such as internal audit and procurement procedures for ASEAN Secretariat to be fully compliant with the four pillar assessment). Other aspects of the ASEAN corporate development plan currently under development might also be supported.</p>	<p>At least 6 additional officers</p> <p>Short term TAs to be contracted by ASEAN Secretariat.</p>