

ORIGINAL

DCI-ASIE/2008/019-478

FINANCING AGREEMENT

between

THE ASSOCIATION OF SOUTHEAST NATIONS (ASEAN)

and

THE EUROPEAN COMMUNITY

"ASEAN Air Transport Integration Project (AATIP)"



SP

11.11.2009
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FINANCING AGREEMENT

Special Conditions

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

of the one part, and

The Association of Southeast Asian Nations (ASEAN) hereinafter referred to as "**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 Community shall contribute to the financing of the following

ASEAN Air Transport Integration Project (AATIP)

Accounting number: DCI-ASIE/2008/19478

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 COMMUNITY'S FINANCIAL CONTRIBUTION

2.1 The total cost of the project is estimated at 7 000 000 euro.

2.2 The Community undertakes to finance a maximum of 5 000 000 euro. The breakdown of the Community'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 in cash 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 at 84 month 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

The Delegation of the European Commission to Thailand
Kian Gwan House II, 19th floor
140/1 Wireless Road
Bangkok 10330
Thailand
Fax: + 66 2 255 9113

b) for the Beneficiary

c/o the Principal Director
Bureau of External Relations and Coordination
The ASEAN Secretariat
70A, Jalan Sisingamangaraja
Jakarta 12110
Indonesia
Fax +62 21 739 8234, +62 21 724 3504

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

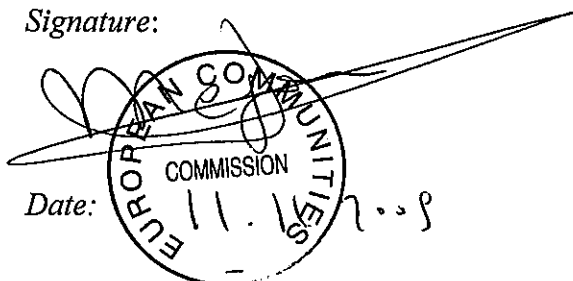
The Financing Agreement shall enter into force on the date on which it is signed by the last party.

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

FOR THE COMMISSION

Dirk Meganck
Director
Direction D – Asia and Central Asia
EuropeAid Co-operation Office


Signature:


Date: 11.12.09

FOR THE BENEFICIARY

Dr. Surin Pitsuwan
Secretary General
The ASEAN Secretariat

Signature:


Date: 25 Dec 2009

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 party'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/2008/019-478

TECHNICAL AND ADMINISTRATIVE PROVISIONS

BENEFICIARY COUNTRY / REGION	Association of Southeast Asian Nations (ASEAN)		
REQUESTING AUTHORITY	The European Commission		
BUDGET HEADING	19 10 01 01		
TITLE	ASEAN Air Transport Integration Project (AATIP)		
TOTAL COST	Total budget = € 7 000 000 comprising EC funding = € 5 000 000 Grant beneficiary co-funding = € 2 000 000		
AID METHOD/ MANAGEMENT MODE	Project approach Centralised management		
DAC-CODE	21050	SECTOR	Air Transport

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1. RATIONALE

1.1 Economic and social situation

The Association of Southeast Asian Nations (ASEAN) was established in 1967. ASEAN currently comprises 10 Member States: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The ASEAN Charter was agreed by the Heads of State or Government of the Member States of ASEAN at the 13th ASEAN Summit, held in Singapore on 20 November 2007, as a historic milestone for ASEAN. The Charter established and codified for the first time the ASEAN's legal and institutional framework, and set down key principles and purposes.

The ASEAN Economic Community Blueprint (AEC Blueprint), also adopted in November 2007, will serve as roadmap for transforming ASEAN into a single market and production base, highly competitive and fully integrated into the global community by 2015.

The ASEAN population is about 565 million. There is a considerable diversity both in the size and wealth of individual Member States. The 2006 GDP per capita at current market prices ranges from US\$ 209 (Myanmar), US\$ 512 (Cambodia), US\$ 613 (Lao PDR), US\$ 724 (Vietnam) to US\$ 29,500 (Singapore) and US\$ 30,159 (Brunei). The 13th ASEAN Summit emphasised the importance of equitable economic development, and the reduction of poverty and socio-economic disparities. It also urged that the benefits of economic integration accrue rapidly to all people of ASEAN through timely implementation of the provisions of the AEC Blueprint.

The development of the ASEAN air transport sector is essential for future economic, trade, investment, and tourism, as well as of regional cohesion and the accumulation of economic prosperity. Local people and businesses will benefit from aviation growth through greater mobility and connectivity, exchange of knowledge and skills as well as greater income, opportunity and employment generated by aviation and linked services, trade, and industry sectors.

Despite the clear economic benefits it brings, the environmental impact of aviation is already considerably negative as regards CO₂ and other greenhouse gas emissions, such as NO_x, O₃ and water vapour, as well as particulate and noise pollution, and continues to grow, even faster than the technological and operational advances which are designed to reduce the impact at source. According to the Intergovernmental Panel on Climate Change (IPCC) report on "Aviation and the Global Atmosphere" (1999), aviation could contribute up to 10% of human-produced global warming in CO₂ alone by 2050. The overall contribution to climate change by aircraft (including NO_x, H₂O, etc.) is two to four times larger than by aircraft CO₂ emissions alone.

The ASEAN has recognised that the issues of energy security, environment, climate change and sustainable development are interrelated and complex, and represent a serious global challenge that must be addressed in a comprehensive manner through individual, regional and concerted international actions. AATIP will address the reduction of the negative impact of air transport on environment as one of its priority areas.

1.2 Sector context

The AEC Blueprint includes the development and implementation of the ASEAN Single Aviation Market, with a target date of 2015. The air transport initiatives in this context comprise: (i) implementation of the ASEAN Open Sky Policy Roadmap for Integration of the Air Travel Sector (RIATS); and (ii) implementation of the ASEAN Single Aviation Market (ASEAN SAM).

Aviation safety, safety oversight and security represent fundamental pillars of the air transport industry. In ASEAN Member States (AMS), there are considerable variations between aviation safety regulatory frameworks. Some AMS have Departments of Civil Aviation (DCA), or Civil Aviation Authorities (CAA), such as those of Malaysia and Singapore, whose frameworks are based on the European Aviation Safety Agency (EASA) standards. The others, such as the Philippines, follow US Federal Aviation Administration (FAA) standards. In addition, there are concerns over safety oversight record in some countries, notably concerning Indonesia and more recently the Philippines and Cambodia. The increasing global aviation security threats have incurred substantial costs for airlines and airports in order to improve security systems and meet international standards such as the screening of passengers, luggage, and cargo, on access controls, and on the patrolling of security designated areas and the searching of aircraft.

The main regulatory bodies that operate internationally with relevance on ASEAN, especially on safety, security and environmental issues, are the International Civil Aviation Organization (ICAO), the European Aviation Safety Agency (EASA), Eurocontrol (the European organisation for the safety of air navigation), the US Federal Aviation Administration (FAA), the International Air Transport Association (IATA), and the Airports Council International (ACI).

AATIP has the objective of contributing to progress towards the integration of the ASEAN air transport market. It is in line with the European Commission's Asia Regional Strategy Paper (2007-2013), in particular in relation to regional integration (section 4.1) and institutional capacity building (section 4.1 ASEAN), as well as with the first priority of the EC's Multi-annual Indicative Programme for Asia 2007-2010 'Support to Regional Integration', especially the Institutional Support and Region-to-Region Dialogue for ASEAN (section 2.1 ASEAN). The proposed project is also part of the Plan of Action to Implement the Nuremberg Declaration on EU-ASEAN Enhanced Partnership (March 2007) on Transport.

AATIP will be funded under the EC Development Cooperation Instrument (DCI). AATIP is in line with the objectives of the DCI in terms of support for sustainable economic development, as well as the smooth and gradual integration of developing countries into the world economy. AATIP will address the special needs of the landlocked and the less advanced AMS, which face the challenges of air transport market liberalisation and competition, technological development, regionalisation and globalisation, and the increasingly required compliances with international regulations.

AATIP will contribute to the achievement of the Millennium Development Goals (MDGs): indirectly Goal 1 (target 1) reduce poverty through facilitating economic growth (tourism, small and medium sized businesses); and directly Goal 7 (target 9) - ensure environmental sustainability through the promotion of the integration of environmental issues to air transport policies, and Goal 8 (targets 12, 13 and 14) develop a global partnership for development through more open air transport markets and paying particular attention to Cambodia and the landlocked Lao PDR, which are LDCs.

1.3 Lessons learnt and complementarity

The EU–South East Asia Civil Aviation Cooperation Project (ASIE/B7-3010/1998/003-277/68753) was implemented between September 2003 and December 2006 with an EC grant of EUR 8,5 million. It provided training and technical advice on Airworthiness and Operational Safety (OS), Air Traffic Management (ATM) and Air Traffic Control (ATC). The project was managed by the Aerospace and Defence Industries Association of Europe (ASD). The training leading to capacity development was generally regarded successful as such. The EU-South East Asia Civil Aviation Cooperation Project initiated the necessary regulatory reform needed to harmonise standards across the ASEAN region. The final evaluation report of the project recommended that the momentum created through the project should be continued. A future project should also recognise the regional development of ASEAN as well as the priorities of the less developed countries.

The EC has also been the main financial contributor to the projects of the Cooperative Development of Operational Safety and Continuing Airworthiness Programme (COSCAP), which is managed by the International Civil Aviation Organization (ICAO). There are different COSCAP projects covering Southeast Asia, South Asia, North Asia, Africa and Latin America. The general objective of the COSCAP Programme is to enhance the safety of civil air transport operations in these regions. It primarily provides training. The ongoing ICAO/COSCAP for Southeast Asia is funded by the individual participating countries, FAA and is relatively limited in scope.

The main lessons learnt from these projects are:

- The need to avoid a “checklist” approach. The delivery of training should not be a final objective itself. AATIP should ensure that all training provided has a tangible and lasting impact and will be applied in practice.
- The importance of ensuring co-operation with other projects and organisations, such as ICAO and ICAO/COSCAP. This will be done in AATIP through involving them in the project planning and implementation.
- The need to strengthen sustainability and ownership through increasing the participation of stakeholders and partners.
- The desirability of increasing the roles and responsibilities of the stakeholders in the region in the planning, implementation and monitoring of the project whilst ensuring that no single stakeholder takes the initiatives and drives the project for its own interest.

Complementary actions:

There are several actions, with which AATIP will ensure close co-ordination. The main ones are:

- The Southeast Asia Regional Initiative Forum (SEARIF) and the Bridging Aviation Project (BAP)
- EU assistance to Indonesia on the preparation and implementation of the ‘Roadmap to Aviation Safety’

There are also a number of smaller-scale donor co-operation and aid programmes in the air transport sector, most of which are focussed on individual AMS rather than on ASEAN as a whole.

SEARIF, supported by European and Southeast Asian authorities and industries, was formed at the end of the EU-SEA project (2006) with a view to ensuring continuation of co-operation. SEARIF is an ongoing initiative promoting aviation safety and regulatory convergence, and is managed by ASD and EASA and with the participation of ICAO. In December 2006, SEARIF launched a two-year pilot project (BAP) on airline safety management systems (SMS) in compliance with ICAO standards to be introduced in 2009. AATIP will make use of the results of this regional co-operation and will continue supporting harmonised safety oversight initiatives across the ASEAN region.

The EC has also recently provided specific assistance to Indonesia in aviation safety, with technical assistance input on the preparation and follow-up of the "Roadmap to Aviation Safety". A conference in Bandung in January 2008 concluded that 10 key joint recommendations should be taken into consideration, among others, in the updating of the Indonesian DCA's Roadmap to Safety. AATIP will incorporate the results of these and any further initiatives which concern ASEAN air safety issues.

Synergies will also be built with other EC supported projects involving ASEAN when applicable. The "ASEAN Programme for Regional Integration Support" (APRIS II), for example, aims to further the process of ASEAN integration while strengthening relations between the European Union (EU) and ASEAN through support for the Trans-Regional EU-ASEAN Trade Initiative/ Regional EU-ASEAN Dialogue Instrument (TREATI/READI) dialogue processes.

In 2007, AusAID and the ASEAN Secretariat contracted a six-month study on the development of ASEAN's Single Aviation Market (SAM) and on regional air services arrangements with dialogue partners. The study, which will be completed in mid-2008, aims to provide support towards: (i) the development of an implementation framework of the ASEAN SAM, and (ii) the development of a policy framework for ASEAN regional air services arrangements with dialogue partners. The results of this study will be put forward by the ASEAN Secretariat for further consideration by the Air Transport Working Group (ATWG), which will subsequently report to the Senior Transport Officials Meeting (STOM).

AATIP will follow the decision of ASEAN on the SAM policy frameworks and implementation, as well as the implications of the aviation relations between ASEAN Secretariat/ AMS with other regions, sub-regions and countries.

The US Trade and Development Agency (USTDA) has supported a three phase project of US\$ 1.4 million to the Civil Aviation Administration of Viet Nam (CAAV) to help bring the nation's aviation safety up to international standards and open US airports to Vietnamese air carriers. The first phase of this project has been completed and the second phase started in July 2008.

Singapore is developing a regional aerospace training campus. Singapore Aviation Academy (SAA) has the ambition to become the world's premier centre for aviation training. Alteon's Regional Training Centre in Singapore, established in January 2007 with a planned investment of approximately EUR 50 million, will be the largest aviation training centre in the Asia Pacific region. AATIP intends to co-operate and share information and experience with, the

public and private training centres of Singapore, as well as of the other countries in the region and to use their facilities, whenever feasible.

On ASEAN level, discussions on ASEAN-China Aviation Cooperation Framework and ASEAN-Japan Regional Road Map for Aviation Security (RRMAS) have made good progress. Sub-regional cooperation also exists between groups of AMS and with neighbouring countries. In addition, bi-lateral aviation agreements have been or will be signed between individual AMS with several third countries including with the EU and the EU Member States.

1.4 Donor co-ordination

The project is in line with the Paris Declaration as regards aid effectiveness: on ownership of the project by the ASEAN Secretariat/AMS, alignment with regional and national development strategies and priorities, strengthening capacity by coordinated support and aid is being more predictable.

Effective co-ordination with other donors, ICAO, European institutions and the EU Member States will be assured through participation and consultation in regular project meetings, events and mutual progress review, exchanges of information and good practices, formal and informal communications. AATIP will take advantage of synergies with other initiatives, while at the same time avoiding duplication. Opportunities for collaboration with other actors on the implementation of individual initiatives will be fully explored.

EASA, as a European institution and a donor, envisages enhancing co-operation with aeronautical authorities of Southeast Asia. EASA will continue to support the EC in the development of European assistance projects, including Southeast Asia.

2. DESCRIPTION

The project will help to stimulate economic growth through the sustainable growth of air transport, while seeking to reduce the environmental impact, and narrow the differences in levels of development of the aviation sector within ASEAN region, through co-operation within ASEAN and with international regulatory bodies and stakeholders. The project will seek to develop both the authorities who regulate and the operators/industries who have to fulfil the requirements and to compete in the market. Both sectors have to grow together. Increasing regional dynamism in transport is fundamentally linked to ASEAN's political, economic, social and environmental development.

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 and amendment to the Financing Agreement.

2.1 Objectives

The overall objective of AATIP is to contribute towards sustainable ASEAN economic growth and the integration of the ASEAN Economic Community (AEC), through the development of the civil air transport sector.

Specific objectives are to develop the institutional frameworks and to strengthen institutional capacities within ASEAN with a view to achieve a safe, secure and sustainable ASEAN Single Aviation Market by 2015 based on high regulatory standards.

AATIP will specifically address the issue of limiting the environmental impact of aviation. This will be addressed through exchanges on international rules and regulations, including collaborative research and development and through the evaluation of other possible measures to reduce noise and CO₂ and other emissions from aviation. Other cross-cutting issues such as gender equality and good governance will also be addressed, whenever applicable.

2.2 Expected results

Following the above objectives, the expected results, together with the main activities are described below.

Expected result 1: ASEAN Single Aviation Market (SAM) and its external linkages supported through the development of harmonised frameworks in aviation safety, security, air traffic management, environmental protection, market liberalisation, application of competition laws and economic regulations.

Expected result 2: ASEAN institutional development, i.e. institutional reforms and ASEAN Air Transport Institutions' building, and capacity of the ASEAN Secretariat and AMS authorities, operators and industry strengthened.

2.3 Activities and implementation timetable

Expected result 1: (ASEAN SAM) Main activities:

- Support to the development of the second stage Implementation Plan for the SAM (covering the period 2012-2015).
- Development of harmonised regional strategy and regulatory frameworks, together with implementation and monitoring plans, in accordance with ICAO, EASA and international standards, as regards aviation safety and security, air traffic management, environmental aspects, market liberalisation, competition laws and economic regulations.
- Support to the development of national strategies, implementation plans and guidelines, in particular for the less advanced AMS, based on the regional vision of SAM.
- Co-ordinating, exchanging views and information through fora and communication channels to be set up between ASEAN (ASEAN Secretariat and AMS), international bodies, regulatory bodies, donors, educational and research institutions, airlines, operators and industry; on regulations and standards concerning the open skies in particular the Single European Sky.
- Organising a high-level summit/ conference on ASEAN, international and European experiences in the development of Single Regional Aviation Markets.

Expected result 2: (ASEAN institutional development and capacity building) Main activities:

- Support to the review and upgrade of status of DCAs, where requested, to become more independent and to meet international standards.

- Drafting plans on defining an institution(s) or central body (bodies) to regulate the ASEAN SAM, aviation safety and security and air traffic management, and providing assistance to the establishment and start-up of the operations.
- Strengthening the capacity of the ASEAN Secretariat, AMS authorities, operators and industry in the planning and implementation of the SAM and the specific fields, in close cooperation between public, regulatory and private sectors.
- Providing experts for advisory visits, meetings, training, monitoring.
- Establishing a network of training institutions and trainers, preparation of training materials and manuals, and strengthening of ASEAN training institutions and trainers.
- Working with AMS to ensure that relevant staff is made available for project participation, and local systems incorporating the knowledge and experience gained from the project into practical guidelines and implementation.
- Working with the more advanced AMS for the provision of assistance, sharing of experiences, experts, trainers, meeting and training facilities to the less advanced AMS.

Other measures to ensure the project success and sustainability: All ASEAN partners and other relevant partners appoint a contact point for the AATIP, and ensure that relevant staff are made available and sent for participation in the activities. ASEAN partners ensure that local systems incorporate the knowledge and experience gained from the project into practical guidelines and implementation. Active participation of all ASEAN countries will be a key to the success of the project. Good governance and gender equality, and cooperation between public and private sectors, will be promoted throughout the project. AATIP actions and events will be disseminated through the ASEAN Member States, with specific attention given to the less advanced ones.

The publication of the Call for Proposals (CfP) for awarding grant contract for the Project Support Team (PST) will be launched after the Commission's decision. The selection process is foreseen to be completed within 8 -12 months from the Commission's decision.

3. LOCATION AND DURATION

3.1 Location

The Geographical area of intervention is the ASEAN Member States.

Limited activities such as specific meetings and training may be held in the EU Member States.

The Project Support Team (PST) will be based in Thai Department of Civil Aviation.

3.2 Duration

The execution period of the Financing 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. Operational implementation phase that starts from the entry into force of the Financing Agreement and will have duration of 60 months. The operational implementation phase consists of the period for contracting the PST grant contract up to 12 months, and the implementation period for the PST grant contract, which will have a duration of 48 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.

A Project Steering Committee (PSC) will be set up by the ASEAN Secretariat and the European Commission to oversee the overall direction and policy of the project and to review the Project overall and annual workplans. The PSC will be informed of the annual and the final reports as well as specific reports, and the external evaluation reports. Project overall and annual workplans will be subject to formal endorsement by the European Commission. The Project Steering Committee shall meet twice a year.

The PSC meeting will be co-chaired by the European Commission and the ASEAN Secretariat.

The PSC will consist of:

- High level representative of the ASEAN Secretariat
- Representatives of the European Commission
- A high-level representative of each ASEAN Member State
- One representative each of ASEAN Air Transport Working Group and ASEAN Senior Transport Officials Meeting
- A representative of EASA as an observer with right to speak
- Head of the Project Support Team, as the Secretary

Other members of the Project Support Team may also attend as observers. Representatives of donors and concerned organisations may be invited to participate as observers in the PSC meeting, on a case by case basis, in agreement between the ASEAN Secretariat and the European Commission.

The PST will provide ASEAN and European expertise to support and work closely with the ASEAN Secretariat and AMS including the operators, industry, training institutions, donors and stakeholders, in the planning and implementation of AATIP.

4.2 Reporting

The required reporting are:

- a) The overall work plan and its updates
- b) Annual Work Plans taking into account the situations and progress in ASEAN
- c) Quarterly and annual technical and financial reports

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- d) Surveys, internal monitoring reports, meeting reports and ad-hoc reports.
- e) The final technical and financial reports.

4.3 Project Budget

The total project cost is estimated at EUR 7,0 million, of which maximum EUR 5,0 million shall be financed from the general budget of the European Communities (EC) and minimum of EUR 2,0 million by the grant beneficiary (PST).

The indicative budget, in Euro, is as below:

Categories breakdown	EC contribution	Grant beneficiary (PST) contribution (minimum)	Total	Contracting/ Paying Authority
1) Call for Proposals	4 600 000	2 000 000	6 600 000	
2) Services	350 000	0	350 000	
2.1) External evaluation	250 000	0	250 000	EC
2.2) External audit	100 000	0	100 000	EC
3) Contingencies	50 000	0	50 000	EC
Total	5 000 000	2 000 000	7 000 000	

ASEAN in-kind contributions consist of:

- ASEAN Secretariat and AMS staff assigned to the project, per diem, travel
- ASEAN experts and trainers who will work with the PST, per diem, travel
- Participation of staff of the ASEAN Secretariat, AMS officials, industry, operators, training institutions, trainees, and other stakeholders
- PST office space, training, meeting and workshop cost and facilities

Singapore and Brunei will participate in the project at their own cost.

4.4 Mobilisation of the Project Budget

All contracts and payments are made by the Commission 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 result-oriented monitoring system, which in principle will start from the sixth month of project activities, and will be finalised at the latest 6 months before the end of the operational implementation phase.

There will be two result-oriented external monitoring missions, to be contracted by the Commission.

5.2 Evaluation

- a) Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external evaluations, as follows:
 - mid-term evaluation
 - final evaluation, towards the end of AATIP
 - possibly, an ex-post evaluation
- b) The Beneficiary and the Commission shall analyse the conclusions and recommendations of the external evaluation, mid-term and final evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project and sustainability plan. 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 30 days 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.

There will be an independent external audit mission at the end of the project. The grant contract for PST will provide for annual audits.

6. COMMUNICATION AND VISIBILITY

It is important that the results of the project are disseminated as widely as possible across the ASEAN region and to others involved with the aviation sector outside ASEAN. This will be achieved through the development of a project website and through other communication means (e.g. project newsletters, articles in suitable aviation magazines, etc.). Special events such as the Single Regional Aviation Markets Conference, should also be organised to promote maximum visibility and impact for the project. EU's visibility guidelines will be respected.

7. ATTACHMENT

Attachment 1: Logical Framework

Attachment 1: Logical framework for ASEAN Air Transport Integration Project

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

¹ ICAO statistics for ASEAN scheduled carriers in 2006 are as follows:

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

Description	Objectively verifiable indicators	Sources of verification	Assumptions
<p>Expected results</p> <p>1. ASEAN Single Aviation Market (SAM) and its external linkages supported through the development of harmonised frameworks in aviation safety, security, air traffic management, environmental protection, market liberalisation, application of competition laws and economic regulations.</p>	<ul style="list-style-type: none"> - Strategy and Implementation Plan for ASEAN SAM (until 2015) established and implementation progressed according to the number of milestones achieved (for SAM and for the related fields). - Number of harmonised frameworks and regulations developed in aviation safety, security, air traffic management, environmental protection, market liberalisation, competition laws and economic regulations that are in line with international standards, as well as progress as regards legislation, mutual recognition, inspection, licensing. - AMS have high awareness on level of safety, security and environmental requirements, as well as on governance and gender equality issues. - International and EU experiences have been shared with ASEAN for policy and implementation plan development. 	<ul style="list-style-type: none"> - ASEAN Secretariat/ AMS and AA1TP implementation plan, and monitoring schedule - ASEAN Secretariat/ AMS reports - reports of international regulatory bodies - awareness surveys 	<p>AMS authorities' adopt the common ASEAN frameworks, issue legislations and follow up the enforcement</p>
<p>2. ASEAN institutional development, i.e. institutional reforms and ASEAN Air Transport Institutions' building, and capacity at the ASEAN Secretariat and ASEAN Member State authorities, operators and industry strengthened.</p>	<ul style="list-style-type: none"> - Increased number of independent and appropriately funded Civil Aviation Authorities as per the ICAO standards. - Capacity at AMS built on the issuance of regulations and guidelines, and on the implementation by airlines and operators. - Institution(s) appointed by ASEAN Secretariat to be in charge of ASEAN SAM, safety oversight and air traffic management functions, and their mandates and workplans established. 	<ul style="list-style-type: none"> - reports of national & international regulatory bodies - ASEAN Secretariat reports - ICAO USOAP Audits - EASA Analysis / Reports - surveys on good governance and gender equality 	<ul style="list-style-type: none"> - ASEAN has political will to institutionalise ASEAN air transport integration. - ASEAN Secretariat and AMS provide necessary resources for institutional development and capacity building.

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

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

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

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

• Other project activities for Results 1 and 2 are such as surveys and updating of information at ASEAN and AMS levels.	
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Indicative budget for the Project Support Team (PST):

Items	EURO	Explanation
EC contribution (max)	4 600 000	- duration 48 months - ASEAN in-kind contributions (ASEAN staff, trainers, experts, main meeting/ training costs in ASEAN) will complement the actions but are not as part of the PST
<i>Indicative budget for activities:</i>		Actions are based in ASEAN, except for limited meetings and trainings in Europe.
- result 1 (30% activity budget)	1 283 400	inclusive of salary, travel, per diem, visits, training, meetings, reviews, surveys, studies, communication, website management, limited office management (in ASEAN), production of reports/documents/publicity materials; limited meeting/ training cost in Europe
- result 2 (70% activity budget)	2 994 600	
- sub-total	4 278 000	
- admin cost (max 7%)	322 000	
- total EC contribution	4 600 000	

Indicative PST expenditure (EC contribution) spreading

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

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

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

Indicator data is the results of the EC SAF4 Programme. The detailed breakdown of the audit results for ASEAN countries is not published

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

Source: Project Formulation mission report (March 2008)

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