

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENT OF THE MEMBER COUNTRIES OF THE
ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND THE
GOVERNMENT OF AUSTRALIA ON THE ASEAN AUSTRALIAN
DEVELOPMENT COOPERATION PROGRAM (AADCP)**

The Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Vietnam, being member countries of the Association of Southeast Asian Nations (hereinafter referred to as "ASEAN") of the one part and the Government of Australia (hereinafter referred to as "Australia") of the other part;

RECOGNISING the benefits derived by ASEAN and Australia through the establishment in 1974 of the ASEAN-Australia Economic Cooperation Program (hereinafter referred to as "AAECP") and the considerable achievements of Phases I, II and III of the AAECP;

NOTING the significant contribution of the AAECP to the strengthening of ties and continuing links of friendship between member countries of ASEAN and Australia;

RECOGNISING the expansion of ASEAN membership to include Vietnam, Laos, Myanmar and Cambodia has significantly altered the development challenges facing ASEAN;

DESIRING to support the evolution of a more substantive and systematic process of intra-ASEAN development cooperation, through which ASEAN is strengthened as a regional group;

DESIRING to ensure that the ASEAN-Australia Development Cooperation Program (hereinafter referred to as "AADCP") resources are used to tackle those development challenges which are truly regional in nature and which require regional solutions;

NOTING that the AADCP Framework Document of 9 June 2000 defines the mission of the AADCP and provides an overview of the AADCP in terms of its strategy, components and their relationships, and that the development of the AADCP Framework Document, which is an ongoing effort that reflects progress in each major component of the AADCP, should not contradict this MOU;

NOTING that ASEAN has assigned Brunei Darussalam to sign this Memorandum, subject to the provisions of Article XI;

WISHING to limit the administrative resource requirements of the management of AADCP;

HAVE REACHED THE FOLLOWING UNDERSTANDINGS:

ARTICLE I

For the Purpose of this Memorandum of Understanding (hereinafter referred to as this "MOU"), these terms will have the following meaning:

1. "The Parties" mean the Governments of Brunei Darussalam, the Kingdom of Cambodia, the Republic of Indonesia, the Lao People's Democratic Republic, Malaysia, the Union of Myanmar, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand, and the Socialist Republic of Vietnam collectively, being member countries of ASEAN and the Government of Australia.

2. "Activity" means any discrete unit of development cooperation which may include any one or more of the following forms of cooperation: the sending of missions to ASEAN to study and analyse opportunities for Australian cooperation; the assignment of Australian and ASEAN experts, advisers and other specialists to ASEAN in connection with project or program activities; the provision of human resources, facilities, postage, communications, equipment, materials, goods and services provided by Australia and/or any ASEAN participating Government required for the successful execution of development projects and programs under the AADCP; and any other form of assistance, reportable as Official Development Assistance (ODA) under the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) guidelines as may be determined by ASEAN and Australia.

3. (a) "Australian personnel" refers to citizens and/or permanent residents of Australia or citizens and/or permanent residents of countries other than Australia who are working on a project or activity under the AADCP and who have been properly endorsed by Australia for such project or activity. This phrase, however, will not be construed to include citizens and/or permanent residents of a member country of ASEAN who may be participating in a project or activity under the AADCP being hosted by such member country; and

(b) "ASEAN Personnel" refers to citizens and/or permanent residents of a member country of ASEAN or citizens and/or permanent residents of countries other than ASEAN Member Countries concerned who are working on a project or activity under the AADCP and who have been properly endorsed by ASEAN Member Countries for such project or activity.

4. (a) "Australian services and project supplies" means equipment, vehicles, materials, and other goods and services supplied for the execution of development activities under the AADCP, the cost of which is funded from the contribution of the Government of Australia to the activity; and

(b) "ASEAN services and project supplies" means equipment, vehicles, materials, and other goods and services supplied for

the execution of development activities under the AADCP, the cost of which is funded by any ASEAN participating Government.

5. "Dependants" means the spouse, and dependant minor children of a member of the Australian or ASEAN personnel, as the case may be, or any other person recognised by the Parties as a dependant of a member of the Australian or ASEAN personnel as the case may be.

6. "Human Resources Development (HRD)" refers to all activities which will seek to enhance ASEAN's human and institutional resource capacities at the regional and national levels, including training and development in the economic and non-economic areas, transfer of technology and know-how. HRD activities may include research, studies, surveys, workshops/seminars/conferences, exchange programs, etc.

7. "Project" means a self-contained activity based on a mutually approved design and involving the provision of Australian and ASEAN services and project supplies.

8. "Program" means a grouping of self-contained activities, contributing to the achievement of an overarching program goal, based on a mutually approved design and involving the provision of Australian and ASEAN services and project supplies.

ARTICLE II GOALS AND OBJECTIVES

1. The Parties will pursue the following goals and objectives of the AADCP.

2. The AADCP aims to promote sustainable development within ASEAN, by assisting ASEAN tackle priority regional development challenges, through regional cooperation.

3. The objectives of AADCP are:

(a) To strengthen and promote regional cooperation on economic and social development, specifically:

- in areas of regional macro-economic and financial cooperation and economic integration;

- through technical assistance and capacity building measures to further enhance ASEAN Free Trade Area - Closer Economic Relations (AFTA-CER) linkages:

: including investment facilitation; and

: standards and conformance activities;

- through regional measures to strengthen social policy formulation and systems; and

- through measures that would hasten the implementation of the e-ASEAN Initiative.

(b) To strengthen regional institutional capacities:

- this would include strengthening both regional institutions and national institutions associated with regional cooperation.

(c) To strengthen science, technology and environmental cooperation in the region by:

- enabling ASEAN Member Countries to engage more effectively in ASEAN science, technology and environmental regional cooperation agreements; and
- extending science, technology and environmental cooperation to the new ASEAN Member Countries.

(d) To expedite the new Member Countries' economic integration into ASEAN by supporting their participation in ASEAN cooperation programs and regional schemes.

ARTICLE III AADCP CONTENT

1. The content of the AADCP will reflect its overarching objectives through the establishment of three distinct elements:

- (a) A Program Stream;
- (b) A Regional Partnerships Scheme; and
- (c) A Regional Economic Policy Support Facility.

2. The Program Stream aims to promote development within ASEAN, through regional cooperation, in two areas: ASEAN economic integration and ASEAN competitiveness. It aims to achieve this by funding two long-term programs of development cooperation activities; each program being of up to five years in duration. The contributions of funds or in kind resources by all Parties to project activities will be fully detailed in program designs. Both programs will be managed by one Australian Managing Contractor.

3. The Regional Partnerships Scheme (hereinafter referred to as the "Scheme") aims to assist ASEAN tackle regional development challenges, by supporting the development initiatives of the ASEAN and Australian communities, through a program of cooperative and jointly implemented small to medium scale activities. The Scheme is expected to have a duration of five years.

4. The Scheme will have three elements:

- (a) The first element will provide support for a range of relatively short-term, small-scale cooperative and jointly implemented development activities initiated by the ASEAN and Australian Communities. The Scheme will involve an element of cost-sharing with Scheme applicants.

(b) The second element will provide administrative support for AADCP as a whole. These are expected to include the dissemination of general information on AADCP (including broader AADCP-related lessons learned and logistical arrangements for AADCP meetings).

(c) The third element will support program monitoring and review processes of the Regional Partnerships Scheme to contribute to enhanced program quality, accountability and responsiveness.

5. A range of operational parameters for the Scheme including eligibility criteria and selection guidelines, have been agreed to and are set out in detail in a "AADCP Regional Partnerships Scheme Project Application and Selection Guidelines" document which has been produced as part of the output from the Regional Partnerships Scheme design mission. Management assistance to the Scheme will be provided by a single Australian Managing Contractor.

6. The Regional Economic Policy Support Facility (hereinafter referred to as the "Facility") aims to strengthen the capacity of the ASEAN Secretariat in providing short and long-term regional economic policy advice to ASEAN, and in so doing support the ASEAN Secretariat in meeting its official mandate. It will do this by providing funding and the administrative resources necessary to enable ASEAN and Australian experts to be contracted to produce policy reports on ASEAN regional economic issues. The findings of these reports will be disseminated through appropriate means that will target ASEAN ministers and officials from relevant ASEAN bodies and from ASEAN Member Countries. It is expected that the Facility will receive support under AADCP for five years. Management assistance for the Facility will be provided by a single Australian Managing Contractor.

ARTICLE IV MANAGEMENT AND ADMINISTRATION

1. A Joint Planning Committee (hereinafter referred to as "JPC"), which will advise the ASEAN-Australia Forum of its activities (hereinafter referred to as "Forum"), will be responsible for policy consideration and formulation under the AADCP.

2. The Terms of Reference of the JPC will be:

(a) To monitor the operation of all elements of AADCP;

(b) To make periodic evaluation of the performance of the AADCP and recommend to ASEAN and Australia, through appropriate channels, the necessary modifications thereto; and

(c) To meet annually prior to the Forum, or as and when necessary.

3. The JPC will be composed of the following: