

July 27, 1994

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
GOVERNMENTS OF THE MEMBER COUNTRIES OF THE
ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND THE
GOVERNMENT OF AUSTRALIA ON THE ASEAN-AUSTRALIA
ECONOMIC COOPERATION PROGRAM (AAECP) PHASE III**

The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, 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 mutual 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 and II 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 growing economic linkages between ASEAN and Australia as being a reflection of the maturing relationship and an expression of interdependence of the region's economies;

DESIRING to encourage economic linkages between ASEAN and Australia across a broad range of key priority sectors and to gradually broaden the AAECP to accommodate the wider economic and political interaction in the region; and

WISHING to provide a more effective administration of the AAECP;

HAVE REACHED THE FOLLOWING UNDERSTANDINGS:

**ARTICLE I
FOR THE PURPOSE OF THIS MEMORANDUM**

1. "The Parties" mean the Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand 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 experts, advisers and other specialists to ASEAN in connection with project 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 under the AAECP; 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 AAACP 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 AAACP 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 AAACP 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 AAACP, 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 AAACP, 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.

ARTICLE II GOALS AND OBJECTIVES

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

The AAACP will aim to facilitate broad based economic cooperation between ASEAN and Australia, contributing to the interaction of the economies of the Parties and based on the concept of mutual benefit and building on the successes of earlier phases.

Science and Technology and Human Resource Development will continue as the common coordinating themes of the program. Specifically, the AAACP will:

- (a) Promote linkages between economic sectors of the Parties, encouraging involvement by Private, Research, Academic and the Government sectors in all countries;
- (b) Promote activities which have a regional focus;
- (c) Promote activities which demonstrate a harmonisation of the priorities and capacities of both ASEAN and the Australian economies;
- (d) Promote the integration of applied science and technology, agro-based industries and HRD activities, and foster their commercialisation;
- (e) Promote regional environmental cooperation, the facilitation of preparatory activities advancing two way trade and investment, people contact and institutional linkages; and
- (f) Promote activities which are consistent with the policies of ASEAN member countries and Australia.

ARTICLE III PROGRAM CONTENT

1. The content of the AAACP Phase III will reflect the broadened objectives of the Program through the establishment of two distinct streams:
 - (a) A dedicated Projects Stream, focusing on technology transfer projects (including through applied research and development); and
 - (b) A dedicated Linkages Stream in the priority sectors, which will be the major facilitator for private sector involvement and networking.
2. Under the Projects Stream, six long-term projects of up to four years duration will be funded. The contributions in funds or in kind by all Parties to project activities will be fully detailed in project designs.
3. Under the Linkages Stream, short-term discrete activities will be funded. Cost-sharing arrangements between ASEAN-Australia industry and activity beneficiaries will be designed to reflect the mutual benefit and commercial objectives.
4. The objectives, priority sectors, eligible activities, activity duration and level of support, as well as cost sharing, eligibility of applicants and selection guidelines have been agreed and set out in the "AAACP Linkages Stream Guidelines".

ARTICLE IV MANAGEMENT AND ADMINISTRATION

1. A Joint Planning Committee (hereinafter referred to as "JPC"), directly responsible to the ASEAN-Australia Forum (hereinafter referred to as "Forum"), will be responsible for policy consideration and formulation under the AAACP.
2. The Terms of Reference of the JPC will be:
 - (a) To recommend to the Forum the program for Phase III of the AAACP on the basis of the recommendations of the Joint Planning Committee Sub-Committee (hereinafter referred to as "JPC-SC");

(b) To approve indicative sectoral planning allocations for the AAEC Phase III (Projects and Linkages Streams);

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

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

3. The JPC will be composed of the following:

(a) A representative each from the government designated from time to time as the ASEAN Country Coordinator for Australia (hereinafter referred to as "the ASEAN Country Coordinator") and Australia who will act as Co-Chairpersons respectively;

(b) One representative from each country of ASEAN, one representative from the ASEAN Secretariat and one representative from the Australian International Development Assistance Bureau (hereinafter referred to as "AIDAB") who will act as members; and

(c) Upon determination by the JPC, representatives from relevant ASEAN Committees and Australia, as well as a representative of the ASEAN-Australia Business Council.

4. A JPC-SC directly responsible to the JPC, will be convened to coordinate the implementation of AAEC Phase III, and monitor AAEC progress between meetings of the JPC.

5. The Terms of Reference of the JPC-SC will be to develop and recommend to the JPC a four-year program for the AAEC on the basis of the joint ASEAN-Australia Position Paper on the future of the AAEC, and in view thereof to:

(a) Assist and advise relevant ASEAN and Australian Committees in identifying and developing activities for further consideration under the AAEC Phase III, including the development of selection criteria for the Projects Stream, and guidelines for the Linkages Stream;

(b) Recommend to the JPC indicative sectoral planning figures for the AAEC Phase III (Projects and Linkages Streams);

(c) Examine and determine which project outlines/expressions of interest should proceed to the design stage;

(d) Recommend, for JPC approval, those projects for funding under the AAEC Phase III;

(e) Approve proposals under the AAEC Phase III Linkages stream;

(f) Monitor AAEC Phase III progress between JPC meetings; and

(g) Approve appropriate changes in the projects (under the Projects Stream), including budget and future development, recommended to the JPC-SC by the Project Coordination Committee (hereinafter referred to as the PCC).

6. The JPC-SC will comprise the following members:

- (a) A representative each from the ASEAN Country Coordinator and Australia who will act as Co-Chairpersons, respectively;
- (b) A senior representative/s from each of the ASEAN member countries who has/have direct responsibility for ASEAN matters and policy formulation;
- (c) A representative of the ASEAN Secretariat;
- (d) Two A1DAB representatives; and
- (e) The JPC-SC may call on extra advisory representation from ASEAN member countries or Australia if technical expertise were required at a particular meeting.

7. The JPC-SC Co-Chairperson will be directly responsible to the JPC and will present a consolidated report of the activities of the JPC-SC to the JPC.

8. The JPC-SC shall meet at least twice a year. Further consultation may be undertaken using modern communication technology.

9. Costs associated with JPC and JPC-SC meetings will be met under the AAACP m and by the ASEAN Secretariat AAACP Trust Account.

10. Management of each of the six long term technical cooperation projects funded under the Projects Stream will be vested in a PCC which reports to the JPC-SC. Composition of the PCC may vary according to the nature of the project but will include at least one representative of the following:

- (a) The ASEAN Secretariat;
- (b) AIDAB;
- (c) The Australian Project Manager/Adviser;
- (d) The appropriate ASEAN Committee (s); and
- (e) The ASEAN Project Coordinator.

11. The PCC will meet, as required, generally once or twice a year. The PCC's terms of reference are to;

- (a) Plan implementation of the project in accordance with the approved Project Design Document;
- (b) Review progress in the project;
- (c) Maintain an assets register of equipment purchased under the project;
- (d) Recommend to the JPC-SC any appropriate changes in the project including budget and future development; and