



ASEAN DOCUMENTATION SERIES

AGREEMENT FOR THE ESTABLISHMENT OF A FUND FOR THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS

THE GOVERNMENTS OF THE REPUBLIC OF INDONESIA, MALAYSIA, THE REPUBLIC OF THE PHILIPPINES, THE REPUBLIC OF SINGAPORE AND THE KINGDOM OF THAILAND.

BEING members of the Association of Southeast Asian Nations (hereinafter referred to as "ASEAN").

DESIRING to accelerate and intensify the implementation of the aims and purposes of ASEAN as embodied in the ASEAN Declaration.

AND RECOGNIZING the desirability of and the necessity for a fund to finance joint projects approved by the Foreign Ministers of ASEAN.

DO HEREBY AGREE AS FOLLOWS :

ARTICLE I

ESTABLISHMENT AND MEMBERSHIP

1. The Contracting Parties shall establish a Fund for ASEAN (hereinafter called "the Fund").
2. Members of ASEAN shall be entitled to membership in the Fund and shall become members upon signature of this Agreement or in the case of new members upon deposit of this instrument of accession to this Agreement.

ARTICLE II

THE FUND

1. The Fund shall be made up of the ASEAN National Fund of each of the member countries (hereinafter referred to as "the national fund"). Contributions made by each member country to the Fund shall be paid into the national fund of each member country and shall be held in the country of that member country.
2. (a) Each member country shall initially contribute to the Fund an amount equivalent to US\$ 1 million to be paid in not more than three annual instalments. The contribution in national currency shall be convertible into United States dollars. The

Fund may be increased from time to time as agreed upon by the ASEAN foreign Ministers (hereinafter referred to as "the Foreign Ministers").

(b) Contributions to the Fund shall be determined in United States dollars. Each member country may make contributions of equivalent amount in its national currency or in United States dollars or in both.

3. (a) The national Fund shall be replenished by each member country to the required level as decided by the Foreign Ministers in paragraph 2(a) taking into account any outstanding claim for reimbursement by member countries.

(b) At the end of every quarter, or in the event of a member country changing the value of its national currency, it shall make such adjustments in its own contribution as well restore the balance of its national fund to its equivalent value in United States dollars at the close of business on the day prior to the adjustments.

(c) For the purpose of calculating the amount of national currency contribution, replenishment, adjustment or reimbursement to the national fund, the rate of conversion shall be the par value of the currency of each member country as declared with the International Monetary Fund.

(d) In cases where the national currency of a member country does not have a par value declared with the International Monetary Fund, the rate conversion of the national currency of that country shall be based on such rate of exchange at the close of business on the day prior to the date when the contribution, replenishment, adjustment or reimbursement is to be made as determined by the ASEAN Standing Committee upon consultation, if necessary, with the International Monetary Fund.

ARTICLE III

CONTROL DISBURSEMENT AND ACCOUNTING

The control, disbursement and accounting of the Fund shall be in accordance with the rules contained in the Annex hereto.

**ARTICLE IV
AMENDMENTS**

Any member country may propose an amendment to the provisions of this Agreement or to the rules contained in the Annex hereto. Such amendment shall only come into force after it has been accepted by all the other member countries.

**ARTICLE V
ENTRY INTO FORCE AND TERMINATION**

This Agreement shall enter into force on the date of signature by all the member countries and shall remain in force until it is terminated by the decision of all the Foreign Ministers.

ACCESSION

Accession to this Agreement shall take effect from the date on which the instrument of accession is deposited in the Ministry of Foreign Affairs, Malaysia, by the new member of ASEAN.

For the Government of the
Republic of Indonesia

For the Government of
Malaysia

For the Government of the
Republic of the Philippines

For the Government of the
Republic of Singapore

For the Government of the
Kingdom of Thailand

**ARTICLE VI
WITHDRAWAL**

A Contracting Party may at any time give formal notice of its intention to withdraw from this Agreement and such withdrawal shall take effect one year from the date of the notification of the Ministry of Foreign Affairs, Malaysia, which shall as soon as possible notify all the other member countries.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective governments, have signed this Agreement.

DONE at Cameron Highlands, in a single copy in the English Language this Seventeenth day of December, 1969.

(sgd) TUN ADAM MALIK

(sgd) TUN ABDUL RAZAK

(sgd) CARLOS P. ROMULO

(sgd) S. RAJARATNAM

(sgd) THANAT KHOMAN

ANNEX

RULES GOVERNING THE CONTROL, DISBURSEMENT
AND ACCOUNTING OF THE FUND FOR THE
ASSOCIATION OF SOUTHEAST ASIAN NATIONS

PURPOSE 1 The Fund shall only be used for the purpose of
OF THE implementing projects which have been approved by the
FUND Foreign Ministers of ASEAN (hereinafter referred to
as "Approved Projects").

2 The Fund shall not be used for the following
purposes unless otherwise provided for by the Foreign
Ministers: -

- a Travelling, accommodation and other expenses
of delegations attending meetings and
conferences of ASEAN;
- b Routine expenditures for work undertaken by
the Standing Committee of ASEAN, Heads of
ASEAN National Secretariats and Committee
Meetings of ASEAN;
- c Exchange of and provision for experts;
- d Exchange of trainees; and
- e Study tours

APPROVED 3 A member country may propose projects to be
PROJECTS financed from the Fund, through the Heads of ASEAN
National Secretariats, to the ASEAN Standing Committee,
for consideration by the Foreign Ministers.

4 The Budget of Approved Projects shall be
divided as follows:-

- a Administrative and Capital Costs

These costs will include all administrative
costs such as rents, utilities, office
requisites, salaries of the locally engaged
general service personnel and insurance and

will include certain expenditures of a capital nature such as expenditures on lands and buildings.

b Operational Costs

These costs comprise all other costs of the Approved Projects including programme costs, recruitment costs, salaries and allowances of the professional staff engaged in the Approved Projects.

5 The host Governments shall be responsible for the Administrative and Capital Costs of the Approved Projects.

6 The Operational Costs of an Approved Project shall be shared equally by member countries. However, in cases where certain countries derive a greater share of the benefits, the Foreign Ministers may decide on the proportion of the costs to be borne by member countries.

7 The ownership of any property, movable or immovable, acquired as a result of expenditure incurred under rule 5 shall vest in the host Government.

8 The host Government may not exercise the right to dispose of any property the ownership of which has been vested in it by virtue of rule 7 until after the completion of the Approved Project unless otherwise agreed to by the Foreign Ministers.

ACCOUNTING
OF FUND

9 (a) The national fund of each member country shall be a separate account expressed in United States dollars under the control of its ASEAN National Secretariat and shall be operated in accordance with the financial procedures of that Government.

(b) The system of accounts currently used by the Government of each member country shall be followed for the accounting of the national fund.

(c) The financial year for the national fund shall commence on 1st January and shall end on 31st December.

10 (a) Unless otherwise provided, the member country in which the Approved Projects are located or which has agreed to meet the initial expenses connected with the Approved Projects shall, in the first instance, make all payments for the cost and expenses of their operation and maintenance from the national fund.

(b) All payments from the national fund shall be made on the certification of the Joint Management Committee. Such certification shall be made in the form prescribed in Appendix "A" and supported by all relevant documents.

11 (a) Claims for reimbursement of the proportionate share of expenses from member countries as decided by the Foreign Ministers shall be made by the ASEAN National Secretariat concerned in the form prescribed in Appendix "B". Such claims shall be made at quarterly intervals or at shorter periods if circumstances so require.

(b) Settlement of claims for reimbursement shall be made in United States dollars within one month of the receipt of the Claims.

12 (a) As soon as possible, but in any case not later than six months after the end of the financial year referred to in rule 9(c), the ASEAN National Secretariat of each member country shall submit an Annual Report of the national fund to the ASEAN Standing Committee. The Annual Report shall include the Annual Financial Statement which shall be audited by the Auditor of the Government concerned.

(b) The Annual Financial Statement shall include an income and expenditure account for the financial year and a balance sheet as at the end of the financial year.

(c) The ASEAN Standing Committee shall submit a Consolidated Annual Report to the Foreign Ministers.

JOINT
MANAGE-
MENT
COMMITTEE

13 There shall be established in the country where Approved Projects are undertaken, a Joint Management Committee composed of one representative from each member country, appointed by the ASEAN Standing Committee, for the execution and supervision of the Approved Projects. The Chairman of the Joint Management Committee shall be the representative of the country where the Approved Projects are located.

14 (a) The representative of each member country shall have one vote in the Joint Management Committee. Except as otherwise provided herein all matters before the Joint Management Committee shall be decided by a majority of the representatives present and voting.

(b) A quorum for the meeting of the Joint Management Committee shall be a majority of the representatives of the members.

(c) The Joint Management Committee shall establish its own rules and procedure on the convening and operation of its meetings and other matters relevant to its functions.

(d) The Joint Management Committee shall submit annual estimates of expenses for the operation and maintenance of the Approved Projects under its supervision, through the ASEAN National Secretariat, to the ASEAN Standing Committee for approval by the Foreign Ministers.

(e) The Joint Management Committee shall submit quarterly progress reports for each Approved Project and such additional reports as may be required by the ASEAN Standing Committee.

(f) The procurements of comparable goods and services shall be grouped for the purpose of tenders or bids. The Joint Management Committee

shall call for tenders or bids for all procurements of goods and services exceeding US\$2,500. All other procurements costing US\$2,500 or less shall be at the discretion of the Joint Management Committee.

(g) Except as otherwise decided the Joint Management Committee shall invite tenders or bids from within the member countries.

(h) The Joint Management Committee shall give preference to tenders or bids from nationals of member countries subject to the following conditions:

- i that the tenderers or bidders are financially and technically capable and have the capacity to carry out the stipulations to the satisfaction of the Joint Management Committee;
- ii that the goods and services are of the standard required;
- iii that the Joint Management Committee is not obliged to accept the lowest tenders or bids; and
- iv that the Joint Management Committee may seek such professional advice from any source on technical or other matters affecting the tenders or bids as may be necessary.

APPENDIX "A"

CERTIFICATE BY JOINT MANAGEMENT COMMITTEE

We certify that the above goods and/or
services have been received and/or satisfactorily
rendered and that all payments claimed can be made.

.....
Chairman,
Joint Management Committee

GOVERNMENT OF _____
 STATEMENT OF REIMBURSABLE CAPITAL OUTLAYS/OPERATING EXPENDITURE
 FOR THE QUARTER ENDING _____

No	Title of Project	Authorised Provision	EXPENDITURES			PERCENTAGE APPORTIONMENT & DISTRIBUTION OF EXPENDITURE									
			To Date	Previous Quarters	Current Quarter	Indonesia % Amount		Malaysia % Amount		Philippines % Amount		Singapore % Amount		Thailand % Amount	

CERTIFIED CORRECT

.....
 ASEAN NATIONAL SECRETARIAT