



AGREEMENT FOR THE ESTABLISHMENT OF ASEAN ANIMAL HEALTH TRUST FUND

The Governments of Brunei Darussalam, 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 Viet Nam, Member Countries of the Association of Southeast Asian Nations (hereinafter collectively referred to as "ASEAN" or "Member Countries" or singularly as "Member Country");

DESIRING to accelerate and intensify the implementation of the aims and purposes of ASEAN as embodied in the ASEAN Declaration 1967;

REALISING the necessity for a fund to facilitate the implementation of unified and harmonised animal health projects in the ASEAN region;

AND RECOGNISING the principle of self-reliance in the pursuit of animal health projects, which are vital and strategic to ASEAN interests in view of increasing global competition.

DO HEREBY AGREE AS FOLLOWS :

Article 1 Establishment

The Member Countries shall establish a fund for ASEAN animal health projects called the ASEAN Animal Health Trust Fund (hereinafter referred to as "the Fund").

Article 2
The ASEAN Animal Health Trust Fund

1. Contributions made by each Member Country to the Fund shall be paid into an account under the name of "The ASEAN Animal Health Trust Fund" and the schedule for contributions by respective Member Countries is set out in **Annex A**.
2. The Fund shall have two accounts, namely the Seed Fund Account and the Project Fund Account.
3. Contributions made by international donor agencies or the private sector for specific projects or activities shall be paid into the Project Fund Account.
4. Voluntary contributions to the Seed Fund Account by member countries, international donor agencies and other funding sources shall also be encouraged.
5. The Seed Fund shall be invested to realise income for the Fund. The Project Fund shall provide financing for approved projects. Unless otherwise agreed upon by Member Countries, at least 20% of the annual income from the Seed Fund shall be ploughed back to the Seed Fund Account; the balance shall accrue to the Project Fund Account.
6. Contributions to the Fund shall be made in United States Dollar (USD).
7. The Fund may be increased from time to time as agreed upon by the ASEAN Ministers on Agriculture and Forestry (hereinafter referred to as "AMAF").

Article 3 Investment of the Fund

1. The portion of the Fund set aside as Seed Fund shall be treated as a capital investment and shall not be used for project financing. The investment of the Seed Fund shall be governed by the objective of maximising income while at the same time ensuring safety and stability in the value of the Seed Fund.
2. The Seed Fund shall be managed by an Investment Manager(s) appointed by the Secretary-General of ASEAN upon approval of Senior Officials Meeting for ASEAN Ministers on Agriculture and Forestry (hereinafter referred to as "SOM-AMAF").

Article 4 Utilisation of the Fund

The utilisation of the Fund shall be in accordance with the "Guidelines for the Utilisation of the ASEAN Animal Health Trust Fund" (hereinafter referred to as "the Guidelines") contained in **Annex B** hereto.

Article 5 Management, Control, Disbursement Accounting and Audit

The management, control, disbursement, accounting and audit of the Fund shall be in accordance with the "Rules Governing Management, Disbursement, Accounting and Audit of the ASEAN Animal Health Trust Fund" (hereinafter referred to as "the Rules") contained in **Annex C** hereto.

Article 6 Amendments

Any amendments to this Agreement (including its Annexes) shall be mutually agreed upon in writing by all the Member Countries.

Article 7 Dispute Settlement

In the event of any dispute or disagreement in the interpretation or application of this Agreement, the Member Countries shall resolve the matter amicably through consultations and negotiations.

Article 8 Annexes

The Annexes to this Agreement shall form an integral part of this Agreement.

Article 9 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 the AMAF, who will decide on the utilisation of the remaining fund.

Article 10 Depository

This Agreement shall be deposited with the Secretary-General of ASEAN who shall promptly furnish a certified copy thereof to each Member Country.

IN WITNESS THEREOF the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

DONE in Singapore, this Seventeenth Day of November in the Year Two Thousand and Six in a single original copy in the English Language.

Nature and Schedule of Contributions by Member Countries to the ASEAN Animal Health Trust Fund (AHTF)

Criteria for categorisation of contributing countries

- Importance of livestock
- Trade
- Benefits
- GDP
- Capacity to contribute
- Public Health

Proposed Utilisation of ASEAN Animal Health Trust Fund

- 80%– Seed Fund
- 20% - Project Fund

Proposed Amount of contribution for each category

Category 1 (USD 300,000) - Countries with very productive livestock industry and capacity to contribute based on the status of their economy (**Indonesia**, Malaysia, Philippines, Thailand)

Category 2 (USD 200,000) - Medium

Category 3 (USD 100,000) - Very productive livestock industry but may not be able to contribute as much as category 1 (Cambodia, Lao PDR, Myanmar, Viet Nam)
Very little livestock industry (Brunei Darussalam, Singapore)

Approved amount of contribution for each category

Countries	Total Amount (USD)	Schedule of contribution	Remarks
Brunei Darussalam	100,000	Five years starting in 2006	
Cambodia	100,000	Five years starting in 2007	
Indonesia	300,000	Six years starting in 2007	
Lao PDR	100,000	Five years starting in 2007	
Malaysia	300,000	Five years starting in 2006	
Myanmar	100,000	Five years starting in 2006	
Philippines	300,000	Five years starting in 2006	
Singapore	100,000	Five years starting in 2006	
Thailand	300,000	Five years starting in 2006	
Viet Nam	100,000	Five years starting in 2007	

**Guidelines for the Utilisation of
the ASEAN Animal Health Trust Fund**

Purpose of the ASEAN Animal Health Trust Fund

1. The Fund shall be used for the purpose of financing ASEAN Animal Health Projects approved by the Senior Officials Meeting for ASEAN Ministers of Agriculture and Forestry (SOM-AMAF) through recommendation of the ASEAN Sectoral Working Group on Livestock (ASWGL). Its priority is to support the regional coordination for control and eradication of Foot and Mouth Disease (FMD), Highly Pathogenic Avian Influenza (HPAI), Classical Swine Fever (CSF) and other regionalised disease control and eradication programs for economically important animal diseases.

II. ASEAN Animal Health Approved Projects

1. ASEAN animal health approved projects are those which meet all of the following criteria:
 - a. the projects must support the implementation of a regionalised disease control and eradication programs for economically important animal diseases;
 - b. the projects could not qualify for funding under Dialogue Partner facilities or could only be partially supported by Dialogue Partner facilities.
2. A project is considered an ASEAN animal health project eligible for support under the Fund when:
 - a. it is participated by all Member Countries; or
 - b. if not all Member Countries participate, it should benefit the region as a whole, or has a regional impact on the majority of the Member Countries.

III. Procedures for Accessing the Fund

Project Proposal

1. Proposals for the Fund shall be submitted to the Project Appraisal Committee (PAC) through the ASEAN Secretariat.
2. The project proposal shall be presented in the standard format, accompanied by a project brief, prescribed by the ASEAN Cooperation Unit (ACU) of the ASEAN Secretariat.
3. The proposed project budget shall present the details of expenditures broken down into the following categories: (1) administrative costs (2) capital costs and (3) operating costs.

Project Review and Appraisal

4. The PAC through the ASEAN Secretariat shall review the project proposals and submit its recommendation to the ASWGL and SOM-AMAF. For the purpose of its evaluation, the PAC shall use the criteria approved by ASWGL and SOM-AMAF.
5. The project appraisal shall make a statement on the benefits of the project to the ASEAN region (both direct and indirect), and shall assess the financing options (to include the Fund as well as other sources) for the project.

SOM-AMAF Approval

6. The SOM-AMAF shall approve the project seeking access to the Fund, taking into account the recommendations of the PAC and ASWGL and the nature of activities eligible for support under the Fund.

Budget Review Committee Consideration

7. Once a project has been approved by the SOM-AMAF for support under the Fund, the Budget Review Committee (BRC) shall review the funding requirements of the project. For the purposes of the Fund, the budget approved by the SOM-AMAF for a project shall be regarded as an indicative budget. The BRC may streamline the budget or scale it down, provided that it cannot approve a funding commitment higher than the indicative budget approved by the SOM-AMAF.

8. The BRC shall establish its own rules of procedure to ensure expeditious action on funding requests put forward before it.

Issuance of Funding Commitment

9. The BRC's approval of funding commitment for a project shall be officially conveyed by a letter from the Chairman of the BRC to the proponent accompanied by the approved (signed) annualised budget, with copies to the ASEAN National Secretariats.
10. Upon receipt of the copy of the approved budget, the ASEAN National Secretariat of the country hosting the project shall take steps to obtain the names and validate the specimen signatures of the Regional Coordinator /Project Manager and/or his representatives who are to be held accountable for the amounts disbursed under the Fund. The names and specimen signatures shall be submitted to the ASEAN Secretariat.

IV. Eligible Expenditures

1. The Fund shall support projects with clearly defined set of objectives and outputs.
2. The items of expenditure in a project budget shall be classified into three (3) general categories as follows:
 - a. administrative costs: rent, utilities, office **requirements**, salaries of locally engaged personnel, insurance and taxes;
 - b. operational costs: project overhead costs, recruitment costs, salaries of professional staff engaged in the project, equipment and supplies; and
 - c. capital costs: land and building, and equipment costing more than US\$100,000.
3. The operational costs of the project shall be eligible expenditures under the Fund.
4. The capital and administrative costs shall be borne by the Host Government for the project.

5. Travelling, accommodation and other expenses of delegations attending regular meetings of duly established ASEAN bodies are not eligible expenditures under the Fund.
6. The BRC shall formulate guidelines on the expenditure classification to take into account the particular characteristics of a project, as may be necessary and appropriate.

V. Ownership of Property

1. The ownership of property acquired as a result of expenditures for financing capital costs shall be vested in the Host Government and/or the proponent of the project.
2. The ownership of property acquired as a result of expenditures for financing operational costs shall be vested in the ASEAN Secretariat, provided that in cases where such property is essential for the sustainability of benefits after project completion, the same can be donated to the project, through the Host Government, by the ASEAN Secretariat. The ASEAN Secretariat may redeploy property acquired under a project to other projects supported by the Fund under cost-effective arrangements, or it may sell such property when circumstances warrant. Any proceeds from the sale of property shall accrue to the Fund. The BRC shall formulate guidelines for the use, disposition and sale of property acquired under the Fund.
3. The Host Government and/or the ASEAN Secretariat may not exercise their right to dispose of any property the ownership of which has been vested to them under V.1 and V.2 until after the completion of the project.
4. The ownership of intellectual property acquired as a result of the project shall be vested in the ASEAN Member Countries. The disposition and use of intellectual property rights shall be governed by guidelines to be determined by the SOM-AMAF.

Rules governing management, disbursement, accounting and audit of the ASEAN Animal Health Trust Fund

- I. Management of the ASEAN Animal Health Trust Fund
 1. The ASEAN Sectoral Working Group on Livestock (ASWGL) and SOM-AMAF shall have the overall responsibility on policy matters relating to the Fund and shall approve projects eligible for funding from the Fund.
 2. ASEAN members' initial contributions should be used to attract more contributions from external countries and international organisations before any drawdown for projects.
 3. A Budget Review Committee (BRC) shall be established for the management of the Fund at the operational level. The BRC shall consist of officials from all ASEAN Member Countries.
 4. The BRC shall be chaired by the Secretary-General of ASEAN or the Representative appointed by the Secretary-General.
 5. The BRC shall establish its own rules and procedures for its meetings and other matters relevant to its functions.
 6. The ASEAN Secretariat shall provide technical support to the BRC.
 7. The Roles of the ASWGL/SOM-AMAF with regard to the Fund:
 - a. ensure timely remittances of contributions to the Fund;
 - b. establish Guidelines for the Utilisation of the ASEAN Animal Health Trust Fund, review these guidelines periodically, and adopt the necessary changes with the view to enhancing the effective utilisation of the Fund;
 - c. recommend to the AMAF, any policy change or restructuring of the Fund as may be necessary to make it more responsive to developments affecting ASEAN;

- d. approve projects seeking funding support from the Fund, including their indicative budgets, based on the review and evaluation of these projects by the Project Appraisal Committee (PAC);
 - e. review the regular reports submitted by the BRC for purposes of managing the Fund; and
 - f. consider and make decisions on the recommendations of the BRC relating to the Fund, including the appointment of the Investment Manager(s) for the Fund.
8. The Roles of the Secretary-General of ASEAN:
- a. ensure prudent and effective utilisation of the Fund;
 - b. establish and implement a system of project review and evaluation of the Fund through the PAC;
 - c. establish and implement a system of accounts in the ASEAN Secretariat for keeping up-to-date and accurate records of the Fund and for servicing other requirements of Fund management;
 - d. submit quarterly reports to the ASWGL and annual reports to the SOM-AMAF and AMAF on the status of utilisation of the Fund;
 - e. initiate the necessary recommendations to the SOM-AMAF to ensure a more effective utilisation of the Fund; and
 - f. to execute the appointment of the Investment Manager (s) to the Fund as approved by the SOM-AMAF.
9. The Role of the Budget Review Committee (BRC)
- a. implement the Guidelines for the Utilisation of the Fund as approved by the SOM-AMAF; to recommend to the SOM-AMAF revisions and/or adjustments on the Guidelines as it may deem necessary for purposes of promoting the effective utilisation of the Fund;

- b. determine the proportion of income that should be ploughed back to the Seed Fund Account and that which should accrue to the Project Fund Account;
- c. establish budget parameters such as standard consultancy fees, per diem, etc, to review the project budgets on these bases, and to determine the final budget allocation for the project. In the process of reviewing whether a candidate project is eligible for support under the Fund, and the BRC shall have the power to further streamline the project budgets based on the indicative budgets approved by the **SOM-AMAF**. The BRC makes the final determination on the level of financial support for a project to be drawn from the Fund which may be lower than the SOM-AMAF approved indicative budget, but in no case higher than this amount;
- d. make periodic consolidated cash flow projections based on estimates of the expenditure requirements of all activities/projects supported by the Fund, as well as income generated by the Fund;
- e. ensure timely releases of funds based on approved budgets and the progress of project implementation;
- f. install and implement a monitoring system for projects supported by the Fund;
- g. consolidate and finalise the annual financial statements and accounts of the Fund for presentation to the ASEAN Audit Committee and the ASWGL, SOM-AMAF and AMAF;
- h. establish investment guidelines for the Fund;
- i. evaluate applications received for the post of the investment Manager(s), and select and recommend suitable candidates for the approval of the SOM-AMAF; and
- j. evaluate and appraise the performance of the Investment Manager(s) at periodic intervals as determined by the SOM-AMAF.

10. The Role of the Regional Coordinator /Project Manager

Projects supported by the Fund shall be headed by a Regional Coordinator or a Project Manager to be designated by the BRC. The Regional Coordinator or Project Manager shall have the following responsibilities:

- a. exercise overall responsibility for implementing the project supported by the Fund;
- b. set up and maintain a separate account for purposes of the releases and disbursements made from the Fund;
- c. keep a system of financial records based on guidelines prescribed by the BRC and which could be examined by the ASEAN Audit Committee and the SOM-AMAF;
- d. prepare a work schedule of activities and financial requirements as a basis for the timely completion of project activities as well as the timely submission of requests for budget releases to the BRC; and
- e. prepare quarterly progress reports to the BRC on the performance and financial status of project implementation.

Disbursement, Accounting, Reporting and Audit

Disbursement

1. On the basis of the approved budget, the BRC operating through the ASEAN Secretariat shall make disbursements directly to the Regional Coordinator or Project Manager or his authorised representative(s) as follows:
 - a. in the case of projects of short duration (i.e., seminars, workshops), a single disbursement may be made to the project; and
 - b. in the case of projects with longer duration, disbursements may be made on a quarterly basis subject to the provisions of paragraph 2 below.

2. Except for the initial disbursement, subsequent fund releases to the project shall be based on a report of expenditures and performance of the project submitted by the Regional Coordinator or Project Manager on a quarterly basis. Subsequent releases to the project may be made if at least 70 percent of the preceding period's budget has been utilised.

Accounting

3. Contributions by Member Countries, international donor agencies and other financing schemes or funding sources shall be deposited in an account called "The ASEAN Animal Health Trust Fund". No amounts from the principal or proceeds of the Fund shall accrue to any other funds held by or under the custody of the ASEAN Secretariat.
4. The ASEAN Secretariat shall designate two accounts under the Fund: the Seed Fund Account and the Project Fund Account. The Seed Fund Account shall initially consist of 80% of the total contribution. The Project Fund Account shall consist of the remaining 20%.
5. The financial year for purposes of accounting for the Fund shall commence on 1 June and shall end on 31 May.
6. The accounting code and procedures of the ASEAN Secretariat shall be used for the Fund.

Financial Reporting

7. The Secretary-General of ASEAN shall submit the following reports in respect of the Fund;
 - a. a quarterly Report to the SOM-AMAF (Status of Fund Utilisation) and
 - b. an annual Report to the AMAF
8. At the project level, the Regional Coordinator or the Project Manager shall submit quarterly reports of the actual expenditures of the project in accordance with the forms and procedures prescribed by the BRC. They shall be responsible for keeping a system of financial records which may be subject to inspection at anytime by the BRC or the ASEAN Audit Committee.

Audit

9. The Fund shall be subject to an annual audit by the ASEAN Audit Committee.
10. The ASEAN Audit Committee may also audit any project funded under the Fund as it deems necessary.

III. Procurement of Goods and Services

1. The procurement of goods and services funded by the Fund shall be in accordance with the Financial Rules of the ASEAN Secretariat.